

AMENDED IN ASSEMBLY MAY 6, 2009
AMENDED IN ASSEMBLY APRIL 15, 2009
AMENDED IN ASSEMBLY MARCH 24, 2009
AMENDED IN ASSEMBLY MARCH 18, 2009
CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 64

Introduced by Assembly Members Krekorian and Bass

December 9, 2008

An act to amend Sections 25500, add Article 7.3 (commencing with Section 12078) to Chapter 1 of Part 2 of Division 3 of Title 2 of the Government Code, to amend Sections 25107, 25123, 25324, 25333, 25500, 25501, 25502, 25503, 25516, 25517, 25531, 25540.6, 25740, 25740.5, 25741, and 25742 of, and to repeal Chapter 4.3 (commencing with Section 25330) of Division 15 of, and to add Section 25108.5 to, the Public Resources Code, and to amend Section 454.5 Sections 454.5 and 1002 of, to amend and repeal Section 387 of, to add Section 399.23 Sections 399.23 and 1004.5 to, to add Chapter 4.5 (commencing with Section 950) to Part 1 of Division 1 of, and to repeal Article 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of, the Public Utilities Code, relating to energy, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 64, as amended, Krekorian. Energy: renewable energy resources: generation and transmission.

(1) The Public Utilities Act imposes various duties and responsibilities on the Public Utilities Commission (PUC) with respect

to the purchase of electricity and requires the PUC to review and adopt a procurement plan and a renewable energy procurement plan for each electrical corporation pursuant to the California Renewables Portfolio Standard Program. The program requires that a retail seller of electricity, including electrical corporations, community choice aggregators, and electric service providers, but not including local publicly owned electric utilities, purchase a specified minimum percentage of electricity generated by eligible renewable energy resources, as defined, in any given year as a specified percentage of total kilowatthours sold to retail end-use customers each calendar year (renewables portfolio standard). The renewables portfolio standard requires the PUC to implement annual procurement targets for each retail seller to increase its total procurement of eligible renewable energy resources by at least an additional 1% of retail sales per year so that 20% of its retail sales are procured from eligible renewable energy resources no later than December 31, 2010. Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to certify eligible renewable energy resources and to design and implement an accounting system to verify compliance with the renewables portfolio standard by retail sellers. Under existing law the governing board of a local publicly owned electric utility is responsible for implementing and enforcing a renewables portfolio standard for the utility that recognizes the intent of the Legislature to encourage renewable resources, while taking into consideration the effect of the standard on rates, reliability, and financial resources and the goal of environmental improvement.

This bill would recast the renewables portfolio standard program, to be operative on January 1, 2011, to require that a retail seller and a local publicly owned electric utility: (1) procure at least 20% of the electricity delivered to its retail customers from eligible renewable energy resources by December 31, 2010, (2) procure at least 25% of the electricity delivered to its retail customers from eligible renewable energy resources by December 31, 2015, and (3) procure at least 33% of the electricity delivered to its retail customers from eligible renewable energy resources by December 31, 2020. The PUC would be responsible for implementing these requirements for retail sellers, while the governing board would be responsible for implementing these requirements for a local publicly owned electric utility. The bill would require the PUC to establish procurement targets for retail sellers that are sufficient to reach the above-stated requirements. The bill would require that an electrical corporation's renewable energy procurement plan include a process

that provides criteria for the rank ordering and selection of eligible renewable energy resources to comply with the above-stated procurement requirements so that each corporation's total renewables portfolio benefits ratepayers. The bill would require the PUC to annually establish and adopt a benchmark price for electricity generated by an eligible renewable energy resource, for terms corresponding to the length of contracts, in consideration of specified matter, and for each electrical corporation, to establish a limitation on the total costs expended above the benchmark prices for procurement of electricity pursuant to the renewables portfolio standard and would prohibit the limitation from exceeding 5% of the electrical corporation's revenue requirements. The bill would require the PUC to allow an electrical corporation or other retail seller to limit its procurement to the quantity of eligible renewable energy resources that can be purchased at or below the cost limitation if insufficient to support the total costs expended above the benchmark price. The bill would revise existing law with respect to the use of renewable energy credits to meet the renewables portfolio standard procurement requirements. *The bill would authorize the PUC to modify certain requirements for an electrical corporation with 60,000 or fewer customer accounts in the state that serves retail end-use customers outside the state and provides that a public utility district that receives all of its electricity from hydroelectric generation pursuant to a preference right created by a specified federal law is in compliance with the renewables portfolio standard.*

(2) Existing law requires the PUC to require the state's 3 largest electrical corporations, Pacific Gas and Electric Company, San Diego Gas and Electric, and Southern California Edison, to identify a separate electrical rate component to fund programs that enhance system reliability and provide in-state benefits. This rate component is a nonbypassable element of local distribution and collected on the basis of usage. Existing PUC resolutions refer to the nonbypassable rate component as a "public goods charge." The public goods charge moneys are collected to support cost-effective energy efficiency and conservation activities, public interest research and development not adequately provided by competitive and regulated markets, and renewable energy resources. Existing law establishes the Renewable Resource Trust Fund in the State Treasury and requires that certain moneys collected to support renewable energy resources through the public goods charge are deposited into the fund and authorizes the Energy Commission to expend the moneys pursuant to the Renewable Energy Resources

Program. The program states the intent of the Legislature to increase the amount of electricity generated from eligible renewable energy resources per year so that amount equals at least 20% of total retail sales of electricity in California per year by December 31, 2010.

This bill would revise the Renewable Energy Resources Program to state the intent of the Legislature to increase the amount of electricity generated from eligible renewable energy resources per year, so that it equals at least 20% of total retail sales of electricity in California per year by December 31, 2010, 25% of total retail sales of electricity in California per year by December 31, 2015, and 33% of total retail sales of electricity in California per year by December 31, 2020. The bill would revise the definitions applicable to the Renewable Energy Resources Program to incorporate the definition of an eligible renewable energy resource from the renewables portfolio standard program, would define what is a “new” and “existing” eligible renewable energy resource, would delete certain unneeded defined terms, and would make other conforming changes.

~~(3) Existing law creates the California Consumer Power and Conservation Financing Authority, with powers and responsibilities as prescribed, including the issuance of revenue bonds, for the purposes of augmenting electric generating facilities and to ensure a sufficient and reliable supply of electricity, financing incentives for investment in cost-effective energy-efficient appliances and energy demand reduction, achieving a specified energy capacity reserve level, providing financing for the retrofit of inefficient electric powerplants, and renewable energy and conservation. Existing law creates in the State Treasury the California Consumer Power and Conservation Financing Authority Fund, and continuously appropriates all money in the fund, except as specified, for the support of the authority. Existing law prohibits the authority from approving any new program, enterprise, or project, on or after January 1, 2007, unless authority to approve such an activity is granted by statute enacted on or before January 1, 2007.~~

~~This bill would establish the Renewables Infrastructure Authority, with powers and responsibilities as prescribed, including the issuance of revenue bonds of up to \$6,400,000,000, for the purposes of financing projects and programs, as defined, to build eligible renewable energy resources and electric transmission lines, as defined, to deliver the electricity generated to retail customers. The authority would have a 9-member governing board, as prescribed. The bill would establish the~~

Renewables Infrastructure Authority Fund and continuously appropriate moneys in the fund, except as specified, for the authority's purposes.

~~The bill would authorize the authority to designate an area as a renewable energy designation zone, as defined. Each city or county would be required to consider the designated zone when making a determination regarding a land use change within or adjacent to the zone that could affect its continuing viability to accommodate energy generation facilities, related transmission lines, transmission corridor zones, or other facilities appurtenant to the designated zone. Notwithstanding provisions of law that give the Energy Commission authority to certify certain thermal powerplants and related facilities, the authority would have the authority to certify all sites and related facilities in a designated renewable energy designation zone, including new sites and related facilities and changes or additions to an existing facility.~~

~~The bill would authorize the authority to certify all electric transmission lines, remote resource interconnection lines, electric transmission facilities and facilities appurtenant thereto, and related facilities in the state, except any electric transmission lines or facilities appurtenant thereto for which the PUC has issued a certificate of public convenience and necessity, or which any municipal utility has approved, before January 1, 2010, and electric transmission lines that connect generation facilities to the high-voltage transmission grid that are under the certification authority of the Energy Commission.~~

(3) This bill would establish the Energy Planning and Infrastructure Coordinating Committee (EPIC committee), composed of specified members, that would be required to use existing resources and the authority of the state entities represented by the voting members to coordinate the actions of the state, make policy recommendations, and develop a strategic plan to achieve a 25% renewables portfolio standard by December 31, 2015, and a 33% renewables portfolio standard by December 31, 2020. The bill would require that the strategic plan, among other things, designate and rank renewable energy development (RED) zones with high concentrations of high-quality renewable energy resources, to designate and rank transmission corridors needed to deliver electricity generated in RED zones to load and any additional electrical transmission and distribution upgrades that are prudent and desirable in order to ensure system reliability, and include a timeline of stages required to meet the 25% and 33% renewables portfolio standard requirements. The bill would authorize the EPIC committee

to incorporate in the strategic plan the results reached as a result of the Renewable Energy Transmission Initiative (RETI) collaborative stakeholder planning process initiated as a joint effort among the PUC, Energy Commission, and the Independent Systems Operator. The bill would require the EPIC committee to facilitate coordinated permit and certification review agreements between the PUC, Energy Commission, Department of Fish and Game, State Air Resources Board, State Water Resources Control Board, and other agencies responsible for environmental reviews, including, to the extent feasible, local and federal governmental entities. The bill would require the EPIC committee to direct the Energy Commission to prepare a program environment impact report (PEIR) pursuant to the California Environmental Quality Act (CEQA) for each RED zone and require that the EPIC committee approve the PEIR before the Energy Commission may certify completion of the PEIR.

(4) Existing law requires the Energy Commission to adopt a strategic plan for the state's electrical transmission grid using existing resources, to be included in the integrated energy policy report adopted on November 1, 2005, which identifies and recommends actions required to implement investments needed to ensure reliability, relieve congestion, and to meet future growth in electrical load and generation, including renewable resources, energy efficiency, and other demand reduction measures. Existing law authorizes the Energy Commission to designate a transmission corridor zone on its own motion or by application of a person who plans to construct a high-voltage electric transmission line within the state. Existing law provides that the designation of a transmission corridor shall serve to identify a feasible corridor where a future transmission line can be built that is consistent with the state's needs and objectives as set forth in the strategic plan adopted by the PUC Energy Commission. Existing law provides that the designation of a transmission corridor zone is subject to the requirements of the CEQA and prescribes procedures for the designation of a transmission corridor zone, including publication of the request for designation and request for comments, coordination with federal agencies and California Native American tribes, informational hearings, and requirements for a proposed decision.

~~This bill would repeal these provisions of law, and would give to the Renewables Infrastructure Authority the authority to designate transmission corridor zones~~ *require the Energy Commission to adopt, and, as needed, update a strategic plan for the state's electrical*

transmission grid using existing resources, to be included in the next integrated energy policy report, which identifies and recommends actions required to implement investments needed to ensure reliability, relieve congestion, and to meet future growth in electrical load and generation, including achieving the renewables portfolio standard procurement requirements, energy efficiency, and other demand reduction measures. The bill would authorize the Energy Commission to separately adopt a strategic plan to facilitate achieving the renewables portfolio standard requirements. The bill would require that any strategic plan adopted by the Energy Commission be consistent with the strategic plan adopted by the EPIC committee. The bill would make conforming changes to the transmission corridor designations statutes.

(5) The existing federal Energy Policy Act of 2005 requires the federal Secretaries of Agriculture, Commerce, Defense, Energy, and the Interior, in consultation with the Federal Energy Regulatory Commission (FERC), states, and tribal or local units of interested persons, to designate corridors for oil, gas, and hydrogen pipelines and electricity transmission and distribution facilities on federal land in the 11 contiguous western states, including California, to perform any environmental reviews that may be required to complete the designation of corridors, and to incorporate the designated corridors into the relevant agency land use and resource management plans or equivalent plans. The Energy Policy Act of 2005 additionally requires the federal secretaries, in consultation with the FERC, affected utility industries, and other interest parties, to establish procedures that ensure that additional corridors for oil, gas, and hydrogen pipelines and electricity transmission and distribution facilities on federal land are promptly identified and designated as necessary and to expedite applications to construct or modify oil, gas, and hydrogen pipelines and electricity transmission and distribution facilities within corridors, taking into account prior analysis and environmental reviews.

This bill would require the Energy Commission to confer with the federal secretaries and the FERC to ensure that the transmission corridors designated by the Energy Commission are identified and designated as necessary pursuant to the federal Energy Policy Act of 2005.

(6) The existing Warren-Alquist State Energy Resources Conservation and Development Act grants the Energy Commission the exclusive authority to certify any stationary or floating electrical generating

facility using any source of thermal energy, with a generating capacity of 50 megawatts or more, and any facilities appurtenant thereto. This authority extends to any alteration, replacement, or improvement of equipment that results in a 50-megawatt or more increase in the electric generating capacity of an existing thermal powerplant or an increase of 25% in the peak operating voltage or peak kilowatt capacity of an existing electric transmission line. Existing law prohibits the construction of any thermal powerplant or facilities appurtenant thereto or modification of any existing thermal powerplant and appurtenant facility without first obtaining certification from the Energy Commission.

This bill would grant the Energy Commission the exclusive authority to certify an eligible renewable energy resource, as defined, with a generating capacity of 5 megawatts or more, except for a facility for which a building permit application or other request for governmental approval was filed on or before December 31, 2009. The bill would make other conforming changes to the act.

(7) The existing Public Utilities Act prohibits any electrical corporation from beginning the construction of, among other things, a line, plant, or system, or of any extension thereof, without having first obtained from the PUC a certificate that the present or future public convenience and necessity require or will require that construction (certificate of public convenience and necessity). The act requires that the PUC consider certain factors in determining whether to issue a certificate of convenience and necessity, including community values, recreational and park areas, historical and aesthetic values, and influence on the environment, but requires that the issuance of a certificate by the Energy Commission for a thermal powerplant and facilities appurtenant thereto, pursuant to the above-described provisions, is conclusive as to all matters determined thereby when the PUC is determining whether to issue a certificate of public convenience and necessity.

The bill would make the issuance of a certificate by the Energy Commission for an eligible renewable energy resource, pursuant to the above-described provisions, conclusive as to all matters determined thereby when the PUC is determining whether to issue a certificate of public convenience and necessity. The bill would authorize the PUC, with the concurrence of the Division of Ratepayer Advocates, to accept as a rebuttable presumption, a determination of the ISO, made as part of its transmission planning process, that a transmission project is needed to connect to renewable generation. For any application for a

certificate of public convenience and necessity to construct or modify an electrical transmission line, a substantial purpose of which is to access electricity generated by eligible renewable energy resources, the bill would require the PUC to establish a schedule for review of the application and to employ staffing and other resources sufficient to produce a decision on whether to issue the certificate, or refuse to issue it, within 12 months of receiving the completed application.

(5)

(8) Under existing law, a violation of the Public Utilities Act or an order or direction of the PUC is a crime. Because some of the provisions of this bill would require an order or other action of the PUC to implement its provisions, and a violation of that order or action would be a crime, the bill would impose a state-mandated local program by creating a new crime. By placing additional requirements upon local publicly owned electric utilities, which are entities of local government, and new requirements upon city and county governments, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Chapter 4.3 (commencing with Section 25330)~~
2 ~~of Division 15 of the Public Resources Code is repealed.~~

3 SECTION 1. Article 7.3 (commencing with Section 12078) is
4 added to Chapter 1 of Part 2 of Division 3 of the Government
5 Code, to read:

6

7 Article 7.3. Energy Planning and Infrastructure Coordinating
8 Committee

9

10 12078. (a) There is hereby established the Energy Planning
11 and Infrastructure Coordinating Committee (EPIC committee),
12 which shall consist of the following members:

- 1 (1) *The President of the Public Utilities Commission (PUC), or*
2 *a designee of the PUC, as one chairperson.*
- 3 (2) *The Chair of the State Energy Resources Conservation and*
4 *Development Commission (Energy Commission), or a designee of*
5 *the Energy Commission, as one chairperson.*
- 6 (3) *The Secretary of the Resources Agency, or his or her*
7 *designee.*
- 8 (4) *The Secretary for Environmental Protection, or his or her*
9 *designee.*
- 10 (5) *The Chair of the Independent System Operator (ISO), or his*
11 *or her designee.*
- 12 (6) *A designee of the Senate Committee on Rules, who shall be*
13 *a nonvoting member.*
- 14 (7) *A designee of the Speaker of the Assembly, who shall be a*
15 *nonvoting member.*
- 16 (8) *Additional ex officio representatives from local and federal*
17 *government designated by the EPIC committee.*
- 18 (b) *The EPIC committee, using the existing resources and*
19 *authority of the state entities represented by the voting members,*
20 *shall coordinate the actions of the state, make policy*
21 *recommendations, and develop a strategic plan to achieve both of*
22 *the following:*
- 23 (1) *A 25 percent renewables portfolio standard by December*
24 *31, 2015, pursuant to Chapter 4.5 (commencing with Section 950)*
25 *of Part 1 of Division 1 of the Public Utilities Code.*
- 26 (2) *A 33 percent renewables portfolio standard by December*
27 *31, 2020, pursuant to Chapter 4.5 (commencing with Section 950)*
28 *of Part 1 of Division 1 of the Public Utilities Code.*
- 29 (3) *This subdivision does not supersede, nor shall its*
30 *implementation impair, the administration and oversight of energy*
31 *efficiency, demand reduction, and conservation programs of, or*
32 *supervised by, the PUC or the programs of the Energy Commission.*
- 33 (c) (1) *In developing the strategic plan pursuant to subdivision*
34 *(b), the EPIC committee shall evaluate renewable energy resources*
35 *existing within the state and the needs of the electrical transmission*
36 *and distribution grid to develop and integrate those resources.*
- 37 (2) *The strategic plan shall designate and rank renewable*
38 *energy development (RED) zones with high concentrations of*
39 *high-quality renewable energy resources.*

1 (3) *The strategic plan shall designate and rank transmission*
2 *corridors needed to deliver electricity generated in RED zones to*
3 *load as well as any additional electrical transmission and*
4 *distribution upgrades that are prudent and desirable in order to*
5 *ensure system reliability.*

6 (4) *The strategic plan shall include a timeline of stages required*
7 *to meet the renewables portfolio standard requirements of*
8 *subdivision (b).*

9 (5) *The EPIC committee may, where determined to be*
10 *appropriate, incorporate into the strategic plan the results reached*
11 *as a result of the Renewable Energy Transmission Initiative (RETI)*
12 *collaborative stakeholder planning process initiated as a joint*
13 *effort among the PUC, Energy Commission, and the ISO.*

14 (d) *In making policy recommendations pursuant to subdivision*
15 *(b), the EPIC committee shall do all the following:*

16 (1) *Identify and suggest resolutions to regulatory challenges.*

17 (2) *Identify and suggest changes to statutes that impede progress*
18 *in achieving the renewables portfolio standard requirements of*
19 *subdivision (b).*

20 (3) *Identify redundant or duplicative steps in siting and the*
21 *environmental review process.*

22 (e) *The EPIC committee shall facilitate coordinated permit and*
23 *certificate review agreements between the PUC, Energy*
24 *Commission, Department of Fish and Game, State Air Resources*
25 *Board, State Water Resources Control Board, and other agencies*
26 *responsible for environmental reviews, including, to the extent*
27 *feasible, local and federal governmental entities.*

28 (f) *The EPIC committee shall direct the Energy Commission to*
29 *prepare a program environmental impact report for each RED*
30 *zone designated in the strategic plan. The EPIC committee shall*
31 *approve the program environmental impact report before the*
32 *Energy Commission may certify the completion of the report.*

33 SEC. 2. *Section 25107 of the Public Resources Code is*
34 *amended to read:*

35 25107. ~~“Electric~~ *With respect to certification of a site by the*
36 *commission, “electric transmission line” means any electric*
37 *powerline carrying ~~electric power~~ electricity from a thermal*
38 *powerplant, or eligible renewable energy resource with a*
39 *generating capacity of five megawatts or more, located within the*
40 *state to a point of junction with any interconnected transmission*

1 system. “Electric transmission line” does not include any
2 replacement on the existing site of existing electric powerlines
3 with electric powerlines equivalent to ~~such those~~ existing electric
4 powerlines or the placement of new or additional conductors,
5 insulators, or accessories related to ~~such those~~ electric powerlines
6 on supporting structures in existence on the effective date of this
7 division or certified pursuant to this division.

8 *SEC. 3. Section 25108.5 is added to the Public Resources Code,*
9 *to read:*

10 *25108.5. “Eligible renewable energy resource” has the same*
11 *meaning as defined in Section 952 of the Public Utilities Code,*
12 *except that the commission’s certification authority pursuant to*
13 *Chapter 6 (commencing with Section 25500) extends to those*
14 *eligible renewable energy resources with a generating capacity*
15 *of five megawatts or more and does not include those eligible*
16 *renewable energy resources located within the coastal zone.*

17 *SEC. 4. Section 25123 of the Public Resources Code is*
18 *amended to read:*

19 25123. “Modification of an existing facility” means any
20 alteration, replacement, or improvement of equipment that results
21 in a 50-megawatt or more increase in the electric generating
22 capacity of an existing thermal powerplant or an increase of 25
23 percent in the peak operating voltage or peak kilowatt capacity of
24 an existing electric transmission line *or eligible renewable energy*
25 *resource with a generating capacity of five megawatts or more.*

26 *SEC. 5. Section 25324 of the Public Resources Code is*
27 *amended to read:*

28 25324. The commission, in consultation with the Public
29 Utilities Commission, the California Independent System Operator,
30 transmission owners, users, and consumers, shall adopt, *and, as*
31 *needed, update,* a strategic plan for the state’s electric transmission
32 grid using existing resources. The strategic plan shall identify and
33 recommend actions required to implement investments needed to
34 ensure reliability, relieve congestion, and meet future growth in
35 load and generation, including, but not limited to, ~~renewable~~
36 ~~resources~~ *achieving the renewables portfolio standard requirements*
37 *adopted pursuant to Chapter 4.5 (commencing with Section 950)*
38 *of Part 1 of Division 1 of the Public Utilities Code, energy*
39 *efficiency, and other demand reduction measures. The plan, and*
40 *any update to the plan,* shall be included in the *next* integrated

1 energy policy report adopted on November 1, 2005, pursuant to
2 subdivision (a) of Section 25302, *except that the commission may*
3 *separately adopt a strategic plan to facilitate achieving the*
4 *renewables portfolio standard requirements. Any strategic plan,*
5 *and any separate strategic plan to facilitate achieving the*
6 *renewables portfolio standard requirements, adopted by the*
7 *commission, shall be consistent with the strategic plan adopted*
8 *by the Energy Planning and Infrastructure Coordinating*
9 *Committee pursuant to Article 7.3 (commencing with Section*
10 *12078) of Chapter 1 of Part 2 of Division 3 of Title 2 of the*
11 *Government Code.*

12 *SEC. 6. Section 25333 of the Public Resources Code is*
13 *amended to read:*

14 25333. (a) In developing a strategic plan *or separate strategic*
15 *plan to facilitate achieving the renewables portfolio standard*
16 *requirements pursuant to Section 25324 or considering an*
17 *application for designation pursuant to this chapter, the commission*
18 *shall confer with cities and counties, federal agencies, and*
19 *California Native American tribes to identify appropriate areas*
20 *within their jurisdictions that may be suitable for a transmission*
21 *corridor zone. The commission shall, to the extent feasible,*
22 *coordinate efforts to identify long-term transmission needs of the*
23 *state with the land use plans of cities, counties, federal agencies,*
24 *and California Native American tribes.*

25 *(b) The commission, pursuant to Section 368 of the Energy*
26 *Policy Act of 2005 (42 U.S.C. Sec. 15926), shall confer with the*
27 *Secretaries and the Federal Energy Regulatory Commission, to*
28 *ensure that the transmission corridors designated by the*
29 *commission are identified and designated as necessary pursuant*
30 *to that section.*

31 ~~(b)~~

32 *(c) The commission shall not designate a transmission corridor*
33 *zone within the jurisdiction of a California Native American tribe*
34 *without the approval of the California Native American tribe.*

35 ~~SEC. 2.~~

36 *SEC. 7. Section 25500 of the Public Resources Code is*
37 *amended to read:*

38 25500. (a) In accordance with the provisions of this division,
39 and except as otherwise provided in Article 7 (commencing with
40 Section 990) of Chapter 4.5 of Part 1 of Division 1 of the Public

1 Utilities Code, the commission shall have the exclusive power to
2 certify all sites and related facilities in the state, whether a new
3 site and related facility or a change or addition to an existing
4 facility. The issuance of a certificate by the commission shall be
5 in lieu of any permit, certificate, or similar document required by
6 any state, local or regional agency, or federal agency to the extent
7 permitted by federal law, for such use of the site and related
8 facilities, and shall supersede any applicable statute, ordinance, or
9 regulation of any state, local, or regional agency, or federal agency
10 to the extent permitted by federal law.

11 (b) After the effective date of this division, no construction of
12 any facility or modification of any existing facility shall be
13 commenced without first obtaining certification for any such site
14 and related facility by the commission, as prescribed in this
15 division.

16 *SEC. 8. Section 25501 of the Public Resources Code is*
17 *amended to read:*

18 25501. (a) This chapter does not apply to any site or related
19 facility for which the Public Utilities Commission has issued a
20 certificate of public convenience and necessity or which any
21 municipal utility has approved before January 7, 1975.

22 (b) *This chapter does not apply to an eligible renewable energy*
23 *resource with a generating capacity of five megawatts or more for*
24 *which a building permit application or other request for*
25 *governmental approval was filed on or before December 31, 2009.*

26 *SEC. 9. Section 25502 of the Public Resources Code is*
27 *amended to read:*

28 25502. Each person proposing to construct a thermal
29 powerplant, *or an eligible renewable energy resource with a*
30 *generating capacity of five megawatts or more,* or electric
31 transmission line on a site shall submit to the commission a notice
32 of intention to file an application for the certification of the site
33 and related facility or facilities. The notice shall be an attempt
34 primarily to determine the suitability of the proposed sites to
35 accommodate the facilities and to determine the general conformity
36 of the proposed sites and related facilities with standards of the
37 commission and assessments of need adopted pursuant to Sections
38 25305 to 25308, inclusive. The notice shall be in the form
39 prescribed by the commission and shall be supported by such
40 information as the commission may require.

1 Any site and related facility once found to be acceptable pursuant
2 to Section 25516 is, and shall continue to be, eligible for
3 consideration in an application for certification without further
4 proceedings required for a notice under this chapter.

5 *SEC. 10. Section 25503 of the Public Resources Code is*
6 *amended to read:*

7 25503. Each notice of intention to file an application *for a*
8 *thermal powerplant* shall contain at least three alternative sites
9 and related facilities, at least one of which shall not be located in
10 whole or in part in the coastal zone. In addition, the alternative
11 sites and related electrical facilities may be proposed from an
12 inventory of sites which have previously been approved by the
13 commission in a notice of intent or may be proposed from sites
14 previously examined. *The requirements of this section are not*
15 *applicable to an application for certification of an eligible*
16 *renewable energy resource unless specifically required by the*
17 *commission. An application for certification of an eligible*
18 *renewable energy resource may include alternative sites and*
19 *related facilities as part of the application.*

20 *SEC. 11. Section 25516 of the Public Resources Code is*
21 *amended to read:*

22 25516. The approval of the notice by the commission shall be
23 based upon findings pursuant to Section 25514. ~~The~~ *For a thermal*
24 *powerplant, the* notice shall not be approved unless the commission
25 finds at least two alternative site and related facility proposals
26 considered in the commission's final report as acceptable. If the
27 commission does not find at least two sites and related facilities
28 acceptable, additional sites and related facilities may be proposed
29 by the applicant which shall be considered in the same manner as
30 those proposed in the original notice.

31 If the commission finds that a good faith effort has been made
32 by the person submitting the notice to find an acceptable alternative
33 site and related facility and that there is only one acceptable site
34 and related facility among those submitted, the commission may
35 approve the notice based on the one site and related facility. If a
36 notice is approved based on one site and related facility, the
37 commission may require a new notice to be filed to identify
38 acceptable alternative sites and related facilities for the one site
39 and related facility approved unless suitable alternative sites and

1 related facilities have been approved by the commission in previous
2 notice of intention proceedings.

3 If the commission finds that additional electric generating
4 capacity is needed to accommodate the electric power demand
5 forecast pursuant to subdivision (e) of Section 25305 and, after
6 the commission finds that a good faith effort was made by the
7 person submitting the notice to propose an acceptable site and
8 related facility, it fails to find any proposed site and related facility
9 to be acceptable, the commission shall designate, at the request of
10 and at the expense of the person submitting the notice, a feasible
11 site and related facility for providing the needed electric generating
12 capacity.

13 *SEC. 12. Section 25517 of the Public Resources Code is*
14 *amended to read:*

15 25517. Except as provided in Section 25501, no construction
16 of any thermal powerplant, *eligible renewable energy resource*
17 *with a generating capacity of five megawatts or more*, or electric
18 transmission line shall be commenced by any electric utility
19 without first obtaining certification as prescribed in this division.
20 Any onsite improvements not qualifying as construction may be
21 required to be restored as determined by the commission to be
22 necessary to protect the environment, if certification is denied.

23 *SEC. 13. Section 25531 of the Public Resources Code is*
24 *amended to read:*

25 25531. (a) The decisions of the commission on any application
26 for certification of a site and related facility are subject to judicial
27 review by the Supreme Court of California.

28 (b) No new or additional evidence may be introduced upon
29 review and the cause shall be heard on the record of the
30 commission as certified to by it. The review shall not be extended
31 further than to determine whether the commission has regularly
32 pursued its authority, including a determination of whether the
33 order or decision under review violates any right of the petitioner
34 under the United States Constitution or the California Constitution.
35 The findings and conclusions of the commission on questions of
36 fact are final and are not subject to review, except as provided in
37 this article. These questions of fact shall include ultimate facts and
38 the findings and conclusions of the commission. A report prepared
39 by, or an approval of, the commission pursuant to Section 25510,
40 25514, 25516, or 25516.5, or subdivision (b) of Section 25520.5,

1 shall not constitute a decision of the commission subject to judicial
2 review.

3 (c) Subject to the right of judicial review of decisions of the
4 commission, no court in this state has jurisdiction to hear or
5 determine any case or controversy concerning any matter ~~which~~
6 *that* was, or could have been, determined in a proceeding before
7 the commission, or to stop or delay the construction or operation
8 of any thermal powerplant, *or eligible renewable energy resource*
9 *with a generating capacity of five megawatts or more*, except to
10 enforce compliance with the provisions of a decision of the
11 commission.

12 (d) Notwithstanding Section 1250.370 of the Code of Civil
13 Procedure:

14 (1) If the commission requires, pursuant to subdivision (a) of
15 Section 25528, as a condition of certification of any site and related
16 facility, that the applicant acquire development rights, that
17 requirement conclusively establishes the matters referred to in
18 Sections 1240.030 and 1240.220 of the Code of Civil Procedure
19 in any eminent domain proceeding brought by the applicant to
20 acquire the development rights.

21 (2) If the commission certifies any site and related facility, that
22 certification conclusively establishes the matters referred to in
23 Sections 1240.030 and 1240.220 of the Code of Civil Procedure
24 in any eminent domain proceeding brought to acquire the site and
25 related facility.

26 (e) No decision of the commission pursuant to Section 25516,
27 25522, or 25523 shall be found to mandate a specific supply plan
28 for any utility as prohibited by Section 25323.

29 *SEC. 14. Section 25540.6 of the Public Resources Code is*
30 *amended to read:*

31 25540.6. (a) Notwithstanding any other provision of law, no
32 notice of intention is required, and the commission shall issue its
33 final decision on the application, as specified in Section 25523,
34 within 12 months after the filing of the application for certification
35 of the powerplant and related facility or facilities, or at any later
36 time as is mutually agreed by the commission and the applicant,
37 for any of the following:

38 (1) A thermal powerplant which will employ cogeneration
39 technology, a thermal powerplant that will employ natural gas-fired
40 technology, or a solar thermal powerplant.

1 (2) A modification of an existing facility.

2 (3) A thermal powerplant ~~which~~, *or eligible renewable energy*
 3 *resource with a generating capacity of five megawatts or more,*
 4 *that* it is only technologically or economically feasible to site at
 5 or near the energy source.

6 (4) A thermal powerplant with a generating capacity of up to
 7 100 megawatts.

8 (5) A thermal powerplant, *or eligible renewable energy resource*
 9 *with a generating capacity of five megawatts or more, that is*
 10 *designed to develop or demonstrate technologies* ~~which~~ *that* have
 11 not previously been built or operated on a commercial scale. Such
 12 a research, development, or commercial demonstration project
 13 may include, but is not limited to, the use of renewable or
 14 alternative fuels, improvements in energy conversion efficiency,
 15 or the use of advanced pollution control systems. Such a facility
 16 may not exceed 300 megawatts unless the commission, by
 17 regulation, authorizes a greater capacity. Section 25524 does not
 18 apply to such a powerplant and related facility or facilities.

19 (b) Projects exempted from the notice of intention requirement
 20 pursuant to paragraph (1), (4), or (5) of subdivision (a) shall
 21 include, in the application for certification, a discussion of the
 22 applicant’s site selection criteria, any alternative sites that the
 23 applicant considered for the project, and the reasons why the
 24 applicant chose the proposed site. That discussion shall not be
 25 required for cogeneration projects at existing industrial sites. The
 26 commission may also accept an application for a noncogeneration
 27 project at an existing industrial site without requiring a discussion
 28 of site alternatives if the commission finds that the project has a
 29 strong relationship to the existing industrial site and that it is
 30 therefore reasonable not to analyze alternative sites for the project.

31 ~~SEC. 3.~~

32 *SEC. 15.* Section 25740 of the Public Resources Code is
 33 amended to read:

34 25740. It is the intent of the Legislature in establishing this
 35 program, to increase the amount of electricity generated from
 36 eligible renewable energy resources per year, so that it equals at
 37 least 20 percent of total retail sales of electricity in California per
 38 year by December 31, 2010, 25 percent of total retail sales of
 39 electricity in California per year by December 31, 2015, and 33

1 percent of total retail sales of electricity in California per year by
2 December 31, 2020.

3 ~~SEC. 4.~~

4 *SEC. 16.* Section 25740.5 of the Public Resources Code is
5 amended to read:

6 25740.5. (a) The commission shall optimize public investment
7 and ensure that the most cost-effective and efficient investments
8 in renewable energy resources are vigorously pursued.

9 (b) The commission's long-term goal shall be a fully competitive
10 and self-sustaining supply of electricity generated from renewable
11 sources.

12 (c) The program objective shall be to increase, in the near term,
13 the quantity of California's electricity generated by eligible
14 renewable energy resources, while protecting system reliability,
15 fostering resource diversity, and obtaining the greatest
16 environmental benefits for California residents.

17 (d) An additional objective of the program shall be to identify
18 and support emerging renewable technologies in distributed
19 generation applications that have the greatest near-term commercial
20 promise and that merit targeted assistance.

21 (e) The Legislature recommends allocations among all of the
22 following:

23 (1) Rebates, buydowns, or equivalent incentives for emerging
24 renewable technologies.

25 (2) Customer education.

26 (3) Production incentives for reducing fuel costs, that are
27 confirmed to the satisfaction of the commission, at solid fuel
28 biomass energy facilities in order to provide demonstrable
29 environmental and public benefits, including improved air quality.

30 (4) Solar thermal generating resources that enhance the
31 environmental value or reliability of the electrical system and that
32 require financial assistance to remain economically viable, as
33 determined by the commission. The commission may require
34 financial disclosure from applicants for purposes of this paragraph.

35 (5) Specified fuel cell technologies, if the commission makes
36 all of the following findings:

37 (A) The specified technologies have similar or better air
38 pollutant characteristics than renewable technologies in the report
39 made pursuant to Section 25748.

1 (B) The specified technologies require financial assistance to
2 become commercially viable by reference to wholesale generation
3 prices.

4 (C) The specified technologies could contribute significantly
5 to the infrastructure development or other innovation required to
6 meet the long-term objective of a self-sustaining, competitive
7 supply of electricity generated from renewable sources.

8 (6) Existing wind-generating resources, if the commission finds
9 that the existing wind-generating resources are a cost-effective
10 source of reliable energy and environmental benefits compared
11 with other eligible renewable energy resources, and that the existing
12 wind-generating resources require financial assistance to remain
13 economically viable. The commission may require financial
14 disclosure from applicants for the purposes of this paragraph.

15 (f) Notwithstanding any other provision of law, moneys
16 collected for renewable energy pursuant to Article 15 (commencing
17 with Section 399) of Chapter 2.3 of Part 1 of Division 1 of the
18 Public Utilities Code shall be transferred to the Renewable
19 Resource Trust Fund. Moneys collected between January 1, 2007,
20 and January 1, 2012, shall be used for the purposes specified in
21 this chapter.

22 ~~SEC. 5.~~

23 *SEC. 17.* Section 25741 of the Public Resources Code is
24 amended to read:

25 25741. As used in this chapter, the following terms have the
26 following meaning:

27 (a) “Eligible renewable energy resource” means an eligible
28 renewable energy resource as defined in Section 399.12 of the
29 Public Utilities Code.

30 (b) “Existing” in reference to an eligible renewable energy
31 resource means a facility that had obtained any necessary permits
32 to operate and was able to generate electricity prior to January 1,
33 2005.

34 (c) “New” in reference to an eligible renewable energy resource
35 means a facility that either had not obtained all of the necessary
36 permits to operate or was not able to generate electricity prior to
37 January 1, 2005.

38 (d) “Renewable energy public goods charge” means that portion
39 of the nonbypassable system benefits charge authorized to be
40 collected and to be transferred to the Renewable Resource Trust

1 Fund pursuant to the Reliable Electric Service Investments Act
2 (Article 15 (commencing with Section 399) of Chapter 2.3 of Part
3 1 of Division 1 of the Public Utilities Code).

4 (e) “Retail seller” means a “retail seller” as defined in Section
5 399.12 of the Public Utilities Code.

6 ~~SEC. 6.~~

7 *SEC. 18.* Section 25742 of the Public Resources Code is
8 amended to read:

9 25742. (a) Twenty percent of the funds collected pursuant to
10 the renewable energy public goods charge shall be used for
11 programs that are designed to achieve fully competitive and
12 self-sustaining existing eligible renewable energy resources, and
13 to secure for the state the environmental, economic, and reliability
14 benefits that continued operation of those facilities will provide
15 during the 2007–2011 investment cycle. Eligibility for production
16 incentives under this section shall be limited to those technologies
17 found eligible for funds by the commission pursuant to paragraphs
18 (3), (4), and (6) of subdivision (e) of Section 25740.5.

19 (b) Any funds used to support eligible renewable energy
20 resources pursuant to this section shall be expended in accordance
21 with the provisions of this chapter.

22 (c) Facilities that are eligible to receive funding pursuant to this
23 section shall be registered in accordance with criteria developed
24 by the commission and those facilities shall not receive payments
25 for any electricity produced that has any of the following
26 characteristics:

27 (1) Is sold at monthly average rates equal to, or greater than,
28 the applicable target price, as determined by the commission.

29 (2) Is used onsite.

30 (d) (1) Existing facilities generating electricity from biomass
31 energy shall be eligible for funding and otherwise considered an
32 eligible renewable energy resource only if they report to the
33 commission the types and quantities of biomass fuels used.

34 (2) The commission shall report the types and quantities of
35 biomass fuels used by each facility to the Legislature in the reports
36 prepared pursuant to Section 25748.

37 (e) Each existing facility seeking an award pursuant to this
38 section shall be evaluated by the commission to determine the
39 amount of the funds being sought, the cumulative amount of funds
40 the facility has received previously from the commission and other

1 state sources, the value of any past and current federal or state tax
2 credits, the facility's contract price for energy and capacity, the
3 prices received by similar facilities, the market value of the facility,
4 and the likelihood that the award will make the facility competitive
5 and self-sustaining within the 2007–2011 investment cycle. The
6 commission shall use this evaluation to determine the value of an
7 award to the public relative to other renewable energy investment
8 alternatives. The commission shall compile its findings and report
9 them to the Legislature in the reports prepared pursuant to Section
10 25748.

11 ~~SEC. 7.~~

12 *SEC. 19.* Section 387 of the Public Utilities Code is amended
13 to read:

14 387. (a) Each governing body of a local publicly owned electric
15 utility shall be responsible for implementing and enforcing a
16 renewables portfolio standard that accomplishes all of the
17 following:

18 (1) Procures at least 20 percent of the electricity delivered to
19 its retail customers from eligible renewable energy resources, as
20 defined in Section 952, by December 31, 2010.

21 (2) Procures at least 25 percent of the electricity delivered to
22 its retail customers from eligible renewable energy resources, as
23 defined in Section 952, by December 31, 2015.

24 (3) Procures at least 33 percent of the electricity delivered to
25 its retail customers from eligible renewable energy resources, as
26 defined in Section 952, by December 31, 2020.

27 (b) Each local publicly owned electric utility shall report, on an
28 annual basis, to its customers and to the State Energy Resources
29 Conservation and Development Commission, all of the following:

30 (1) Expenditures of public goods funds collected pursuant to
31 Section 385 for eligible renewable energy resource development.
32 Reports shall contain a description of programs, expenditures, and
33 expected or actual results.

34 (2) The resource mix used to serve its customers by fuel type.
35 Reports shall contain the contribution of each type of renewable
36 energy resource with separate categories for those fuels that are
37 eligible renewable energy resources as defined in Section 399.12,
38 except that the electricity is delivered to the local publicly owned
39 electric utility and not a retail seller. Electricity shall be reported
40 as having been delivered to the local publicly owned electric utility

1 from an eligible renewable energy resource when the electricity
2 would qualify for compliance with the renewables portfolio
3 standard if it were delivered to a retail seller.

4 (3) The utility's status in implementing a renewables portfolio
5 standard pursuant to subdivision (a) and the utility's progress
6 toward attaining the standard following implementation.

7 (c) This section shall remain in effect only until January 1, 2011,
8 and as of that date is repealed, unless a later enacted statute, that
9 is enacted before January 1, 2011, deletes or extends that date.

10 ~~SEC. 8.~~

11 *SEC. 20.* Section 399.23 is added to the Public Utilities Code,
12 to read:

13 399.23. This article shall remain in effect only until January
14 1, 2011, and as of that date is repealed, unless a later enacted
15 statute, that is enacted before January 1, 2011, deletes or extends
16 that date.

17 ~~SEC. 9.~~

18 *SEC. 21.* Section 454.5 of the Public Utilities Code is amended
19 to read:

20 454.5. (a) The commission shall specify the allocation of
21 electricity, including quantity, characteristics, and duration of
22 electricity delivery, that the Department of Water Resources shall
23 provide under its power purchase agreements to the customers of
24 each electrical corporation, which shall be reflected in the electrical
25 corporation's proposed procurement plan. Each electrical
26 corporation shall file a proposed procurement plan with the
27 commission not later than 60 days after the commission specifies
28 the allocation of electricity. The proposed procurement plan shall
29 specify the date that the electrical corporation intends to resume
30 procurement of electricity for its retail customers, consistent with
31 its obligation to serve. After the commission's adoption of a
32 procurement plan, the commission shall allow not less than 60
33 days before the electrical corporation resumes procurement
34 pursuant to this section.

35 (b) An electrical corporation's proposed procurement plan shall
36 include, but not be limited to, all of the following:

37 (1) An assessment of the price risk associated with the electrical
38 corporation's portfolio, including any utility-retained generation,
39 existing power purchase and exchange contracts, and proposed
40 contracts or purchases under which an electrical corporation will

1 procure electricity, electricity demand reductions, and
2 electricity-related products and the remaining open position to be
3 served by spot market transactions.

4 (2) A definition of each electricity product, electricity-related
5 product, and procurement related financial product, including
6 support and justification for the product type and amount to be
7 procured under the plan.

8 (3) The duration of the plan.

9 (4) The duration, timing, and range of quantities of each product
10 to be procured.

11 (5) A competitive procurement process under which the
12 electrical corporation may request bids for procurement-related
13 services, including the format and criteria of that procurement
14 process.

15 (6) An incentive mechanism, if any incentive mechanism is
16 proposed, including the type of transactions to be covered by that
17 mechanism, their respective procurement benchmarks, and other
18 parameters needed to determine the sharing of risks and benefits.

19 (7) The upfront standards and criteria by which the acceptability
20 and eligibility for rate recovery of a proposed procurement
21 transaction will be known by the electrical corporation prior to
22 execution of the transaction. This shall include an expedited
23 approval process for the commission's review of proposed contracts
24 and subsequent approval or rejection thereof. The electrical
25 corporation shall propose alternative procurement choices in the
26 event a contract is rejected.

27 (8) Procedures for updating the procurement plan.

28 (9) A showing that the procurement plan will achieve the
29 following:

30 (A) The electrical corporation will, in order to fulfill its unmet
31 resource needs, procure resources from eligible renewable energy
32 resources in an amount sufficient to meet its procurement
33 requirements and goals pursuant to the renewables portfolio
34 standard.

35 (B) The electrical corporation will create or maintain a
36 diversified procurement portfolio consisting of both short-term
37 and long-term electricity and electricity-related and demand
38 reduction products.

1 (C) The electrical corporation will first meet its unmet resource
2 needs through all available energy efficiency and demand reduction
3 resources that are cost effective, reliable, and feasible.

4 (10) The electrical corporation's risk management policy,
5 strategy, and practices, including specific measures of price
6 stability.

7 (11) A plan to achieve appropriate increases in diversity of
8 ownership and diversity of fuel supply of nonutility electrical
9 generation.

10 (12) A mechanism for recovery of reasonable administrative
11 costs related to procurement in the generation component of rates.

12 (c) The commission shall review and accept, modify, or reject
13 each electrical corporation's procurement plan. The commission's
14 review shall consider each electrical corporation's individual
15 procurement situation, and shall give strong consideration to that
16 situation in determining which one or more of the features set forth
17 in this subdivision shall apply to that electrical corporation. A
18 procurement plan approved by the commission shall contain one
19 or more of the following features, provided that the commission
20 may not approve a feature or mechanism for an electrical
21 corporation if it finds that the feature or mechanism would impair
22 the restoration of an electrical corporation's creditworthiness or
23 would lead to a deterioration of an electrical corporation's
24 creditworthiness:

25 (1) A competitive procurement process under which the
26 electrical corporation may request bids for procurement-related
27 services. The commission shall specify the format of that
28 procurement process, as well as criteria to ensure that the auction
29 process is open and adequately subscribed. Any purchases made
30 in compliance with the commission-authorized process shall be
31 recovered in the generation component of rates.

32 (2) An incentive mechanism that establishes a procurement
33 benchmark or benchmarks and authorizes the electrical corporation
34 to procure from the market, subject to comparing the electrical
35 corporation's performance to the commission-authorized
36 benchmark or benchmarks. The incentive mechanism shall be
37 clear, achievable, and contain quantifiable objectives and standards.
38 The incentive mechanism shall contain balanced risk and reward
39 incentives that limit the risk and reward of an electrical corporation.

1 (3) Upfront achievable standards and criteria by which the
2 acceptability and eligibility for rate recovery of a proposed
3 procurement transaction will be known by the electrical corporation
4 prior to the execution of the bilateral contract for the transaction.
5 The commission shall provide for expedited review and either
6 approve or reject the individual contracts submitted by the electrical
7 corporation to ensure compliance with its procurement plan. To
8 the extent the commission rejects a proposed contract pursuant to
9 this criteria, the commission shall designate alternative procurement
10 choices obtained in the procurement plan that will be recoverable
11 for ratemaking purposes.

12 (d) A procurement plan approved by the commission shall
13 accomplish each of the following objectives:

14 (1) Enable the electrical corporation to fulfill its obligation to
15 serve its customers at just and reasonable rates.

16 (2) Eliminate the need for after-the-fact reasonableness reviews
17 of an electrical corporation's actions in compliance with an
18 approved procurement plan, including resulting electricity
19 procurement contracts, practices, and related expenses. However,
20 the commission may establish a regulatory process to verify and
21 assure that each contract was administered in accordance with the
22 terms of the contract, and contract disputes which may arise are
23 reasonably resolved.

24 (3) Ensure timely recovery of prospective procurement costs
25 incurred pursuant to an approved procurement plan. The
26 commission shall establish rates based on forecasts of procurement
27 costs adopted by the commission, actual procurement costs
28 incurred, or combination thereof, as determined by the commission.
29 The commission shall establish power procurement balancing
30 accounts to track the differences between recorded revenues and
31 costs incurred pursuant to an approved procurement plan. The
32 commission shall review the power procurement balancing
33 accounts, not less than semiannually, and shall adjust rates or order
34 refunds, as necessary, to promptly amortize a balancing account,
35 according to a schedule determined by the commission. Until
36 January 1, 2006, the commission shall ensure that any
37 overcollection or undercollection in the power procurement
38 balancing account does not exceed 5 percent of the electrical
39 corporation's actual recorded generation revenues for the prior
40 calendar year excluding revenues collected for the Department of

1 Water Resources. The commission shall determine the schedule
2 for amortizing the overcollection or undercollection in the
3 balancing account to ensure that the 5 percent threshold is not
4 exceeded. After January 1, 2006, this adjustment shall occur when
5 deemed appropriate by the commission consistent with the
6 objectives of this section.

7 (4) Moderate the price risk associated with serving its retail
8 customers, including the price risk embedded in its long-term
9 supply contracts, by authorizing an electrical corporation to enter
10 into financial and other electricity-related product contracts.

11 (5) Provide for just and reasonable rates, with an appropriate
12 balancing of price stability and price level in the electrical
13 corporation's procurement plan.

14 (e) The commission shall provide for the periodic review and
15 prospective modification of an electrical corporation's procurement
16 plan.

17 (f) The commission may engage an independent consultant or
18 advisory service to evaluate risk management and strategy. The
19 reasonable costs of any consultant or advisory service is a
20 reimbursable expense and eligible for funding pursuant to Section
21 631.

22 (g) The commission shall adopt appropriate procedures to ensure
23 the confidentiality of any market sensitive information submitted
24 in an electrical corporation's proposed procurement plan or
25 resulting from or related to its approved procurement plan,
26 including, but not limited to, proposed or executed power purchase
27 agreements, data request responses, or consultant reports, or any
28 combination, provided that the Division of Ratepayer Advocates
29 and other consumer groups that are nonmarket participants shall
30 be provided access to this information under confidentiality
31 procedures authorized by the commission.

32 (h) Nothing in this section alters, modifies, or amends the
33 commission's oversight of affiliate transactions under its rules and
34 decisions or the commission's existing authority to investigate and
35 penalize an electrical corporation's alleged fraudulent activities,
36 or to disallow costs incurred as a result of gross incompetence,
37 fraud, abuse, or similar grounds. Nothing in this section expands,
38 modifies, or limits the State Energy Resources Conservation and
39 Development Commission's existing authority and responsibilities

1 as set forth in Sections 25216, 25216.5, and 25323 of the Public
2 Resources Code.

3 (i) An electrical corporation that serves less than 500,000 electric
4 retail customers within the state may file with the commission a
5 request for exemption from this section, which the commission
6 shall grant upon a showing of good cause.

7 (j) (1) Prior to its approval pursuant to Section 851 of any
8 divestiture of generation assets owned by an electrical corporation
9 on or after September 24, 2002, the commission shall determine
10 the impact of the proposed divestiture on the electrical
11 corporation’s procurement rates and shall approve a divestiture
12 only to the extent it finds, taking into account the effect of the
13 divestiture on procurement rates, that the divestiture is in the public
14 interest and will result in net ratepayer benefits.

15 (2) Any electrical corporation’s procurement necessitated as a
16 result of the divestiture of generation assets on or after September
17 24, 2002, shall be subject to the mechanisms and procedures set
18 forth in this section only if its actual cost is less than the recent
19 historical cost of the divested generation assets.

20 (3) Notwithstanding paragraph (2), the commission may deem
21 proposed procurement eligible to use the procedures in this section
22 upon its approval of asset divestiture pursuant to Section 851.

23 ~~SEC. 10.~~

24 SEC. 22. Chapter 4.5 (commencing with Section 950) is added
25 to Part 1 of Division 1 of the Public Utilities Code, to read:

26
27 CHAPTER 4.5. CALIFORNIA RENEWABLES PORTFOLIO STANDARD
28 PROGRAM

29
30 Article 1. General Provisions and Definitions

31
32 950. The Legislature finds and declares all of the following:

33 (a) California has plentiful and robust natural resources that it
34 has yet to utilize and from which it can derive a sustainable way
35 of life. At the same time, California faces challenges unlike those
36 that it has ever faced. At present, pollution in California’s cities
37 threatens human health and despoils the natural beauty of the state.
38 Recent environmental trends portend a future of dramatic change
39 to the state’s landscape, with effects on the state’s species, habitats,
40 and population centers that are not yet fully understood.

1 (b) The California Renewables Portfolio Standard Program is
2 established to address those challenges and, with the instruments
3 of policy set forth in this chapter, seeks to accomplish the following
4 statewide policy objectives:

5 (1) Reducing emissions of greenhouse gases and California's
6 contribution to global warming.

7 (2) Reducing in-state consumption of nonrenewable fuels in
8 order to improve the public health and air quality throughout the
9 state.

10 (3) Stimulating sustainable economic development, encouraging
11 innovation in energy technologies, and creating new employment
12 opportunities.

13 (4) Decreasing California's reliance on imported sources of
14 energy.

15 (5) Increasing fuel diversity and promoting greater stability and
16 predictability in electricity prices for consumers.

17 (c) In order to achieve the ambitious targets set forth in this
18 chapter, it will be necessary to facilitate investments in California's
19 electrical transmission infrastructure to ensure system reliability,
20 relieve transmission congestion, and meet future growth in load
21 with eligible renewable energy resources.

22 (d) California must meet its renewable energy goals while
23 simultaneously ensuring that no interruptions in electrical service
24 occur because of intermittent renewable energy procurement and
25 that future growth in load can be met by procuring renewables
26 long after the goals of this renewables portfolio standard are met.

27 (e) It is the policy of this state and the intent of the Legislature
28 that the California Renewables Portfolio Standard Program not
29 adversely impact the ability of an electrical corporation to pursue
30 other measures recognized by the State Air Resources Board as
31 necessary to achieve the greenhouse gases emissions reduction
32 targets established by the California Global Warming Solutions
33 Act of 2006.

34 952. For purposes of this chapter, the following terms have the
35 following meanings:

36 (a) "Conduit hydroelectric facility" means a facility for the
37 generation of electricity that uses only the hydroelectric potential
38 of an existing pipe, ditch, flume, siphon, tunnel, canal, or other
39 manmade conduit that is operated to distribute water for a

1 beneficial use and that meets the eligibility requirements of Section
2 953 and subdivision (c) of Section 954.

3 (b) “Delivered” and “delivery,” in reference to the electricity
4 generated by an eligible renewable energy resource, mean that the
5 electricity is used to serve end-use retail customers located within
6 the state or is simultaneously scheduled to meet anticipated in-state
7 load.

8 (c) “Eligible renewable energy resource” means an electric
9 generating facility that uses biomass, solar energy, wind,
10 geothermal, fuel cells using renewable fuels, small hydroelectric
11 generation of 30 megawatts or less, digester gas, municipal solid
12 waste conversion, landfill gas, ocean wave, ocean thermal, or tidal
13 current, and any additions or enhancements to the facility using
14 that technology, and that meets the general eligibility requirements
15 of Section 953 and, when applicable, the requirements for specific
16 renewable energy sources of Section 954.

17 (d) “Procure” means that a retail seller receives delivered
18 electricity generated by an eligible renewable energy resource that
19 it owns or for which it has entered into an electricity purchase
20 agreement. Nothing in this chapter is intended to imply that the
21 purchase of electricity from third parties in a wholesale transaction
22 is the preferred method of fulfilling a retail seller’s obligation to
23 comply with this chapter.

24 (e) (1) “Renewable energy credit” means a certificate of proof,
25 issued through the accounting system established by the Energy
26 Commission pursuant to Section 975, that either one unit of
27 electricity was generated and delivered by an eligible renewable
28 energy resource.

29 (2) “Renewable energy credit” includes all renewable and
30 environmental attributes associated with the production of
31 electricity from the eligible renewable energy resource or
32 nondeliverable renewable energy resource, except for an emissions
33 reduction credit issued pursuant to Section 40709 of the Health
34 and Safety Code and any credits or payments associated with the
35 reduction of solid waste and treatment benefits created by the
36 utilization of biomass or biogas fuels.

37 (f) “Renewable generator” means the owner or operator of an
38 eligible renewable energy resource with the authority to contract
39 for the electricity generated by the facility.

1 (g) “Renewables portfolio standard” means the specified
2 percentage of electricity generated by eligible renewable energy
3 resources that a retail seller or local publicly owned electric utility
4 is required to procure pursuant to this chapter.

5 (h) (1) “Retail seller” means an entity engaged in the retail sale
6 of electricity to end-use customers located within the state,
7 including any of the following:

8 (A) An electrical corporation.

9 (B) A community choice aggregator. The commission shall
10 institute a rulemaking to determine the manner in which a
11 community choice aggregator will participate in the renewables
12 portfolio standard program subject to the same terms and conditions
13 applicable to an electrical corporation.

14 (C) An electric service provider, as defined in Section 218.3.
15 The commission shall determine the manner in which electric
16 service providers will participate in the renewables portfolio
17 standard program. The electric service provider shall be subject
18 to the same terms and conditions applicable to an electrical
19 corporation pursuant to this chapter. Nothing in this paragraph
20 shall impair a contract entered into between an electric service
21 provider and a retail customer prior to the suspension of direct
22 access by the commission pursuant to Section 80110 of the Water
23 Code.

24 (2) “Retail seller” does not include any of the following:

25 (A) A corporation or person employing cogeneration technology
26 or producing electricity consistent with subdivision (b) of Section
27 218.

28 (B) The Department of Water Resources acting in its capacity
29 pursuant to Division 27 (commencing with Section 80000) of the
30 Water Code.

31 (C) A local publicly owned electric utility.

32 (i) “WECC” means the Western Electricity Coordinating
33 Council of the North American Electric Reliability Corporation,
34 or a successor entity to either corporation.

35 953. To be eligible for meeting the renewables portfolio
36 standard, an eligible renewable energy resource shall satisfy one
37 of the following requirements:

38 (a) The facility is located in the state, or near the border of the
39 state with its first point of connection to the transmission network

1 within this state, and electricity produced by the facility is delivered
2 to an in-state location.

3 (b) The facility has its first point of interconnection to the
4 transmission network outside the state and satisfies all of the
5 following requirements:

6 (1) It is connected to the transmission network within the WECC
7 service territory.

8 (2) Electricity produced by the facility is delivered to an in-state
9 location.

10 (3) It will not cause or contribute to any violation of a California
11 environmental quality standard or requirement.

12 (4) If the facility is outside of the United States, it is developed
13 and operated in a manner that is as protective of the environment
14 as a similar facility located in the state.

15 (5) It participates in the accounting system to verify compliance
16 with the renewables portfolio standard by retail sellers, once
17 established by the Energy Commission pursuant to subdivision
18 (a) of Section 975.

19 (6) It commences initial commercial operation after January 1,
20 2005.

21 (c) The facility meets the requirements of paragraphs (1), (2),
22 (3), (4), and (5) in subdivision (b), but does not meet the
23 requirements of paragraph (6) because it commences initial
24 operation prior to January 1, 2005, if the facility satisfies either of
25 the following requirements:

26 (1) The electricity is from incremental generation resulting from
27 expansion or repowering of the facility.

28 (2) The facility has been part of the existing baseline of eligible
29 renewable energy resources of the retail seller or local publicly
30 owned electric utility.

31 954. (a) (1) Except as provided in paragraph (2), a
32 hydroelectric generation facility that is larger than 30 megawatts
33 is not an eligible renewable energy resource.

34 (2) The incremental increase in the amount of electricity
35 generated from a hydroelectric generation facility as a result of
36 efficiency improvements at the facility, is electricity from an
37 eligible renewable energy resource, without regard to the electrical
38 output of the facility, if all of the following conditions are met:

39 (A) The incremental increase is the result of efficiency
40 improvements from a retrofit that do not result in an adverse impact

1 on instream beneficial uses or cause a change in the volume or
2 timing of streamflow.

3 (B) The hydroelectric generation facility has, within the
4 immediately preceding 15 years, received certification from the
5 State Water Resources Control Board pursuant to Section 401 of
6 the Clean Water Act (33 U.S.C. Sec. 1341), or has received
7 certification from a regional board to which the state board has
8 delegated authority to issue certification, unless the facility is
9 exempt from certification because there is no potential for discharge
10 into waters of the United States.

11 (C) The hydroelectric generation facility was operational prior
12 to January 1, 2007, the efficiency improvements are initiated on
13 or after January 1, 2008, the efficiency improvements are not the
14 result of routine maintenance activities, as determined by the
15 Energy Commission, and the efficiency improvements were not
16 included in any resource plan sponsored by the facility owner prior
17 to January 1, 2008.

18 (D) All of the incremental increase in electricity resulting from
19 the efficiency improvements are demonstrated to result from a
20 long-term financial commitment by the retail seller or local publicly
21 owned electric utility. For purposes of this paragraph, “long-term
22 financial commitment” means either new ownership investment
23 in the facility by the retail seller or local publicly owned electric
24 utility, or a new or renewed contract with a term of 10 or more
25 years, which includes procurement of the incremental generation.

26 (b) (1) Except for a conduit hydroelectric generation facility
27 operating pursuant to subdivision (c), a hydroelectric generation
28 facility of 30 megawatts or less that was in operation prior to
29 January 1, 2006, shall be eligible only if a retail seller or local
30 publicly owned electric utility procured the electricity from the
31 facility as of December 31, 2005.

32 (2) A hydroelectric generation facility of 30 megawatts or less
33 that becomes operational on or after January 1, 2006, is not eligible
34 if it will cause an adverse impact on instream beneficial uses or
35 cause a change in the volume or timing of streamflow.

36 (3) A small hydroelectric generation facility that satisfies the
37 criteria for an eligible renewable energy resource pursuant to this
38 subdivision shall not lose its eligibility if efficiency improvements
39 undertaken after January 1, 2008, cause the generating capacity
40 of the facility to exceed 30 megawatts, and the efficiency

1 improvements do not result in an adverse impact on instream
2 beneficial uses or cause a change in the volume or timing of
3 streamflow. The entire generating capacity of the facility shall be
4 eligible.

5 (c) (1) A conduit hydroelectric facility of 30 megawatts or less
6 that commenced operation before January 1, 2006, is an eligible
7 renewable energy resource.

8 (2) A conduit hydroelectric generation facility of 30 megawatts
9 or less that becomes operational on or after January 1, 2006, is an
10 eligible renewable energy resource unless it will cause an adverse
11 impact on instream beneficial uses or cause a change in the volume
12 or timing of streamflow.

13 (d) A facility engaged in the conversion of municipal solid waste
14 using a noncombustion thermal process to convert solid waste to
15 a clean-burning fuel for the purpose of generating electricity is an
16 eligible renewable energy resource if either it is located in
17 Stanislaus County and was operational prior to September 26,
18 1996, or it meets all of the following conditions:

19 (1) The technology does not use air or oxygen in the conversion
20 process, except ambient air to maintain temperature control.

21 (2) The technology produces no discharges of air contaminants
22 or emissions, including greenhouse gases as defined in Section
23 42801.1 of the Health and Safety Code.

24 (3) The technology produces no discharges to surface or
25 groundwaters of the state.

26 (4) The technology produces no hazardous wastes.

27 (5) The technology removes all recyclable materials and
28 marketable green waste compostable materials from the solid waste
29 stream prior to the conversion process, to the maximum extent
30 feasible, and the owner or operator of the facility certifies that
31 those materials will be recycled or composted.

32 (6) The facility is in compliance with all applicable laws,
33 regulations, and ordinances.

34 (7) The technology meets any other conditions established by
35 the commission.

36 (8) The facility certifies that any local agency sending solid
37 waste to the facility diverted at least 30 percent of all solid waste
38 it collects through solid waste reduction, recycling, and
39 composting. For purposes of this paragraph, "local agency" means

1 any city, county, or special district, or subdivision thereof, which
2 is authorized to provide solid waste handling services.

3 955. This chapter shall become operative on January 1, 2011.

4

5 Article 2. Implementation of the Renewables Portfolio Standard
6 for Retail Sellers

7

8 960. In order to fulfill unmet long-term resource needs, the
9 commission shall establish a renewables portfolio standard
10 requiring each retail seller to increase its procurement of eligible
11 renewable energy resources to accomplish all of the following:

12 (a) Procure at least 20 percent of the electricity delivered to its
13 retail customers from eligible renewable energy resources.

14 (b) Procure at least 25 percent of the electricity delivered to its
15 retail customers from eligible renewable energy resources by
16 December 31, 2015.

17 (c) Procure at least 33 percent of the electricity delivered to its
18 retail customers from eligible renewable energy resources by
19 December 31, 2020.

20 962. (a) The commission shall direct each electrical corporation
21 to prepare a renewable energy procurement plan to satisfy its
22 procurement requirements under the renewables portfolio standard.
23 The renewable energy procurement plan shall, to the extent
24 feasible, be proposed, reviewed, and adopted by the commission
25 as part of, and pursuant to, a general procurement plan process
26 pursuant to Section 454.5. The commission shall require each
27 electrical corporation to review and update its renewable energy
28 procurement plan as it determines to be necessary.

29 (b) (1) The renewable energy procurement plan shall include
30 a process that provides criteria for the rank ordering and selection
31 of eligible renewable energy resources to comply with the
32 renewables portfolio standard procurement requirement so that
33 each electrical corporation's total renewables portfolio benefits
34 ratepayers. This process shall consider estimates of indirect costs
35 associated with needed transmission investments and ongoing
36 utility expenses resulting from integrating and operating eligible
37 renewable energy resources. This process shall also consider the
38 viability of the eligible renewable energy resource, including the
39 developer's experience, the feasibility of the technology used to
40 generate electricity, and the risk that the facility will not be built,

1 or construction will be delayed, with the result that electricity will
2 not be delivered as required by the contract.

3 (2) The renewable energy procurement plan submitted by an
4 electrical corporation shall include all of the following:

5 (A) An assessment of annual or multiyear portfolio supplies
6 and demand to determine the optimal mix of eligible renewable
7 energy resources with deliverability characteristics that may include
8 peaking, dispatchable, baseload, firm, and as-available capacity.

9 (B) Provisions for employing available compliance flexibility
10 mechanisms established by the commission.

11 (C) A bid solicitation setting forth the need for eligible
12 renewable energy resources of each deliverability characteristic,
13 required online dates, and locational preferences, if any.

14 (D) An analysis of the risk that the eligible renewable energy
15 resource will not be built, or that construction will be delayed,
16 with the result that electricity will not be delivered as required by
17 the contract.

18 (c) As part of its procurement plan bid solicitation, each
19 electrical corporation shall offer standard terms and conditions to
20 be used in contracting with renewable generators for eligible
21 renewable energy resources, including performance requirements
22 for renewable generators. A contract for the purchase of electricity
23 generated by an eligible renewable energy resource shall, at a
24 minimum, include the renewable energy credits associated with
25 all electricity generation specified under the contract. The standard
26 terms and conditions of the contract shall include the requirement
27 that, no later than six months after the commission's approval of
28 an electricity purchase agreement entered into pursuant to this
29 chapter, the following information about the agreement shall be
30 disclosed by the commission: the names of the contracting parties,
31 the renewable energy resource type, the project location, and the
32 generating capacity of the project.

33 (d) (1) In soliciting and procuring eligible renewable energy
34 resources, each electrical corporation shall offer contracts of no
35 less than 10 years' duration, unless the commission approves of a
36 contract of shorter duration.

37 (2) The commission may authorize a retail seller to enter into
38 a contract of less than 10 years' duration with a renewable
39 generator for the electricity generated by an eligible renewable
40 energy resource, if the commission has established, for each retail

1 seller, minimum quantities of eligible renewable energy resources
2 to be procured either through contracts of at least 10 years' duration
3 or from new facilities commencing commercial operations on or
4 after January 1, 2005.

5 (e) The commission shall review and accept, modify, or reject
6 each electrical corporation's renewable energy procurement plan
7 prior to the commencement of renewable procurement pursuant
8 to this chapter by an electrical corporation.

9 (f) The commission shall review the results of a solicitation for
10 eligible renewable energy resources submitted for approval by an
11 electrical corporation and accept or reject proposed contracts with
12 the renewable generator based on consistency with the approved
13 renewable energy procurement plan. If the commission determines
14 that the bid prices are elevated due to a lack of effective
15 competition among the bidders, the commission shall direct the
16 electrical corporation to renegotiate the contracts or conduct a new
17 solicitation.

18 (g) (1) The commission shall provide preference to contracts
19 for renewable energy resources that are from a California supplier.

20 (2) For purposes of this paragraph, "California supplier" means
21 any sole proprietorship, partnership, joint venture, corporation, or
22 other business entity that manufactures eligible renewable energy
23 resources in California that are supplied to the renewable generator
24 and that meets either of the following criteria:

25 (A) The owners or policymaking officers are domiciled in
26 California and the permanent principal office, or place of business
27 from which the supplier's trade is directed or managed, is located
28 in California.

29 (B) A business or corporation, including those owned by, or
30 under common control of, a corporation, that meets all of the
31 following criteria continuously during the five years prior to
32 providing eligible renewable energy resources to a renewable
33 generator:

34 (i) Owns and operates a manufacturing facility located in
35 California that builds or manufactures eligible renewable energy
36 resources.

37 (ii) Is licensed by the state to conduct business within the state.

38 (iii) Employs California residents for work within the state.

1 (3) For purposes of qualifying as a California supplier, a
2 distribution or sales management office or facility does not qualify
3 as a manufacturing facility.

4 (h) Procurement and administrative costs associated with
5 long-term contracts entered into by an electrical corporation for
6 eligible renewable energy resources pursuant to this chapter and
7 approved by the commission shall be deemed reasonable per se
8 by the commission, and shall be recoverable in rates.

9 (i) (1) If an electrical corporation fails to comply with a
10 commission order adopting a renewable energy procurement plan,
11 the commission shall exercise its authority pursuant to Section
12 2113 to require compliance. The commission shall enforce
13 comparable penalties on any retail seller that is not an electrical
14 corporation that fails to meet renewables procurement requirements
15 pursuant to Section 960.

16 (2) Notwithstanding paragraph (1), if the commission determines
17 that a retail seller has made a commercially reasonable effort to
18 procure eligible renewable energy resources in an amount sufficient
19 to meet its renewables portfolio standard procurement
20 requirements, the commission may waive penalties for the retail
21 seller's failure to procure at least 20 percent of the electricity
22 delivered to its retail customers from eligible renewable energy
23 resources by December 31, 2010.

24 963. (a) (1) The commission shall, by January 1, 2011, and
25 annually thereafter, establish and adopt a benchmark price for
26 electricity generated by an eligible renewable energy resource, for
27 terms corresponding to the length of contracts with renewable
28 generators, in consideration of the following:

29 (A) The long-term market price of electricity for all fixed-price
30 contracts determined pursuant to an electrical corporation's general
31 procurement activities as authorized by the commission.

32 (B) The value of different deliverability characteristics for
33 electricity, including baseload, peaking, dispatchable, firm, and
34 as-available electricity.

35 (C) The value of the carbon reductions from the eligible
36 renewable energy resources and the value of any other emissions
37 reductions that are not already accounted for pursuant to Section
38 40709 of the Health and Safety Code.

39 (2) The benchmark price shall not include any indirect expenses,
40 including imbalance energy charges, sale of excess energy,

1 decreased generation from existing resources, or transmission
2 upgrades.

3 (b) The commission shall, by January 1, 2011, for each electrical
4 corporation, establish a limitation on the total costs expended above
5 the benchmark prices determined in subdivision (a) for the
6 procurement of eligible renewable energy resources to achieve the
7 procurement targets established pursuant to this article. The cost
8 limitation shall not exceed 5 percent of the electrical corporation's
9 revenue requirement.

10 (c) If the cost limitation established by the commission for an
11 electrical corporation pursuant to subdivision (b) is insufficient to
12 support the total costs expended above the benchmark prices
13 determined pursuant to subdivision (a) for the procurement of
14 eligible renewable energy resources, the commission shall allow
15 the electrical corporation to limit its procurement to the quantity
16 of eligible renewable energy resources that can be procured at or
17 below the benchmark prices.

18 (d) An electrical corporation may voluntarily propose to procure
19 eligible renewable energy resources at above the benchmark price
20 that are not counted toward the cost limitation. Any voluntary
21 procurement above the benchmark price shall be subject to
22 commission approval prior to the expense being recovered in rates.

23 964. (a) *Subject to the provisions of this section, the*
24 *requirements of this chapter apply to an electrical corporation*
25 *with 60,000 or fewer customer accounts in California that serves*
26 *retail end-use customers outside California.*

27 (b) *For an electrical corporation with 60,000 or fewer customer*
28 *accounts in California that serves retail end-use customers outside*
29 *California, an eligible renewable energy resource includes a*
30 *facility that is located outside California, if the facility is connected*
31 *to the WECC transmission system, provided all of the following*
32 *conditions are met:*

33 (1) *The electricity generated by the facility is procured by the*
34 *electrical corporation on behalf of its California customers, and*
35 *is not used to fulfill renewable energy procurement requirements*
36 *in other states.*

37 (2) *The electrical corporation participates in, and complies*
38 *with, the accounting system administered by the Energy*
39 *Commission pursuant to Article 4 (commencing with Section 975).*

1 (3) *The Energy Commission verifies that the electricity*
2 *generated by the facility is eligible to meet the procurement targets*
3 *of this article.*

4 (c) *The commission shall determine the procurement targets*
5 *for an electrical corporation with 60,000 or fewer customer*
6 *accounts in California that serves retail end-use customers outside*
7 *California, as a specified percentage of total kilowatthours sold*
8 *by the electrical corporation to its retail end-use customers in*
9 *California in a calendar year.*

10 (d) *An electrical corporation with 60,000 or fewer customer*
11 *accounts in California that serves retail end-use customers outside*
12 *California, may use an integrated resource plan prepared in*
13 *compliance with the requirements of another state utility regulatory*
14 *commission, to fulfill the requirement to prepare a renewable*
15 *energy procurement plan pursuant to this article, provided the*
16 *plan meets the requirements of this chapter, as modified by this*
17 *section.*

18 (e) *Procurement and administrative costs associated with*
19 *long-term contracts entered into by an electrical corporation with*
20 *60,000 or fewer customer accounts in California that serves retail*
21 *end-use customers outside California, for eligible renewable energy*
22 *resources pursuant to this chapter, at or below the benchmark*
23 *price determined by the commission pursuant to Section 963, are*
24 *reasonable and shall be recoverable in rates of the electrical*
25 *corporation's California customers, provided the costs are not*
26 *recoverable in rates in other states served by the electrical*
27 *corporation.*

28 ~~964.~~

29 965. (a) *The commission may authorize a procurement entity*
30 *to enter into contracts on behalf of customers of a retail seller for*
31 *electricity generated by eligible renewable energy resources to*
32 *meet the retail seller's renewables portfolio standard procurement*
33 *requirements. The commission may not require any person or*
34 *corporation to act as a procurement entity or require any party to*
35 *purchase electricity generated by eligible renewable energy*
36 *resources from a procurement entity.*

37 (b) *The procurement entity shall, subject to review and approval*
38 *by the commission, recover reasonable administrative and*
39 *procurement costs through the retail rates of end-use customers*
40 *that are served by the procurement entity and are directly benefiting*

1 from the procurement of electricity generated by eligible renewable
2 energy resources.

3 ~~965.~~

4 966. Construction, alteration, demolition, installation, and
5 repair work on an eligible renewable energy resource that receives
6 production incentives pursuant to Section 25742 of the Public
7 Resources Code, including work performed to qualify, receive, or
8 maintain production incentives is “public works” for the purposes
9 of Chapter 1 (commencing with Section 1720) of Part 7 of Division
10 2 of the Labor Code.

11

12 Article 3. Implementation of the Renewables Portfolio Standard
13 for Local Publicly Owned Electric Utilities

14

15 970. (a) In order to fulfill unmet long-term resource needs,
16 each governing body of a local publicly owned electric utility shall
17 be responsible for implementing and enforcing a renewables
18 portfolio standard that accomplishes all of the following:

19 (1) Procures at least 20 percent of the electricity delivered to
20 its retail customers from eligible renewable energy resources.

21 (2) Procures at least 25 percent of the electricity delivered to
22 its retail customers from eligible renewable energy resources by
23 December 31, 2015.

24 (3) Procures at least 33 percent of the electricity delivered to
25 its retail customers from eligible renewable energy resources by
26 December 31, 2020.

27 (b) The governing board of the local publicly owned electric
28 utility shall adopt a program for the enforcement of this article on
29 or before January 1, 2011. The program shall be adopted at a
30 publicly noticed meeting offering all interested parties an
31 opportunity to comment. Not less than 30 days’ notice shall be
32 given to the public of any meeting held for purposes of adopting
33 the program. Not less than 10 days’ notice shall be given to the
34 public before any meeting is held to make a substantive change to
35 the program.

36 (c) A local publicly owned electric utility shall retain discretion
37 over the manner employed by the utility to meet the renewables
38 portfolio standard established pursuant to this section. The
39 discretionary authority of a local publicly owned electric utility
40 includes, but is not limited to, all of the following:

1 (1) The mix of eligible renewable energy resources procured
2 or owned by the utility and those additional generation resources
3 procured or owned by the utility for purposes of ensuring resource
4 adequacy and reliability.

5 (2) The prices paid by the utility for electricity generated by
6 eligible renewable energy resources.

7 (3) The reasonable costs incurred by the utility for renewable
8 energy resources owned by the utility.

9 (d) (1) Each local publicly owned electric utility shall annually
10 post notice, in accordance with Chapter 9 (commencing with
11 Section 54950) of Part 1 of Division 2 of Title 5 of the Government
12 Code, whenever its governing body will deliberate in public on its
13 renewable energy resources procurement plan.

14 (2) Contemporaneous with the posting of the notice of a public
15 meeting to consider the renewable energy resources procurement
16 plan, the local publicly owned electric utility shall notify the
17 Energy Commission of the date, time, and location of the meeting
18 in order to enable the Energy Commission to post the information
19 on its Internet Web site. This requirement is satisfied if the local
20 publicly owned electric utility provides the uniform resource
21 locator (URL) that links to this information.

22 (3) Upon distribution to its governing body of information
23 related to its renewable energy resources procurement status and
24 future plans, for its consideration at a noticed public meeting, the
25 local publicly owned electric utility shall make that information
26 available to the public and shall provide the Energy Commission
27 with an electronic copy of the documents for posting on the Energy
28 Commission's Internet Web site. This requirement is satisfied if
29 the local publicly owned electric utility provides the uniform
30 resource locator (URL) that links to the documents or information
31 regarding other manners of access to the documents.

32 (e) Within 30 business days after a local publicly owned electric
33 utility executes a renewable energy resources procurement contract,
34 the local publicly owned electric utility shall submit, to the Energy
35 Commission, documentation that includes all of the following:

36 (1) A description of the eligible renewable energy resource,
37 including the duration of the contract or electricity purchase
38 agreement.

1 (2) A description and identification of the electric generating
2 facility providing the eligible renewable energy resource under
3 the contract.

4 (3) An estimate of the percentage increase in the utility's total
5 retail sales of electricity from eligible renewable energy resources
6 that will result from the contract.

7 (f) A local publicly owned electric utility may use renewable
8 energy credits to meet its renewables portfolio standard
9 procurement requirements to the same extent and under the same
10 circumstances as a retail seller is authorized to use renewable
11 energy credits to meet the retail seller's renewables portfolio
12 standard procurement requirements.

13 (g) Each local publicly owned electric utility shall report, on an
14 annual basis, to its customers and to the Energy Commission, the
15 following:

16 (1) Expenditures of public goods funds collected pursuant to
17 Section 385 for eligible renewable energy resource development.
18 Reports shall contain a description of programs, expenditures, and
19 expected or actual results.

20 (2) The resource mix used to serve its customers by energy
21 source.

22 (3) The utility's status in implementing a renewables portfolio
23 standard pursuant to subdivision (a) and the utility's progress
24 toward attaining the standard following implementation.

25 (h) Upon a determination by the Energy Commission that a
26 local publicly owned electric utility has failed to comply with this
27 article, the State Air Resources Board may impose penalties
28 pursuant to Part 6 (commencing with Section 38580) of Division
29 25.5 of the Health and Safety Code.

30 *971. A public utility district that receives all of its electricity*
31 *pursuant to a preference right adopted and authorized by the*
32 *United States Congress pursuant to Section 4 of the Trinity River*
33 *Division Act of August 12, 1955 (Public Law 84-386) shall be in*
34 *compliance with the renewable energy procurement requirements*
35 *of this chapter.*

36

37 Article 4. Duties of the Energy Commission in Implementing
38 the Renewables Portfolio Standard

39

40 975. (a) The Energy Commission shall do all of the following:

1 (1) Design and implement an accounting system to verify
2 compliance with the renewables portfolio standard by retail sellers
3 and local publicly owned electric utilities, to ensure that electricity
4 generated by an eligible renewable energy resource is counted
5 only once for the purpose of compliance with regulatory or legal
6 requirements of this state or any other state, for verifying retail
7 product claims in this state or any other state or to certify renewable
8 energy credits. In establishing the guidelines governing this
9 accounting system, the Energy Commission shall collect data from
10 electricity market participants that it deems necessary to verify
11 compliance of retail sellers, in accordance with the requirements
12 of this article and the California Public Records Act (Chapter 3.5
13 (commencing with Section 6250) of Division 7 of Title 1 of the
14 Government Code). In seeking data from electrical corporations,
15 the Energy Commission shall request data from the commission.
16 The commission shall collect data from electrical corporations and
17 remit the data to the Energy Commission within 90 days of the
18 request.

19 (2) Certify eligible renewable energy resources that it determines
20 meet the criteria described in subdivision (c) of Section 952, the
21 requirements of Section 953, and when applicable, the requirements
22 of Section 954.

23 (3) Establish a system for tracking and verifying renewable
24 energy credits that, through the use of independently audited data,
25 verifies the generation and delivery of electricity associated with
26 each renewable energy credit and protects against multiple counting
27 of the same renewable energy credit. The Energy Commission
28 shall consult with other western states and with the WECC in the
29 development of this system. No electricity generated by an eligible
30 renewable energy resource attributable to the use of nonrenewable
31 fuels, beyond a de minimus quantity, as determined by the Energy
32 Commission, shall result in the creation of a renewable energy
33 credit.

34 (b) The Energy Commission may, as part of the integrated
35 energy policy report adopted pursuant to Chapter 4 (commencing
36 with Section 25300) of Division 15 of the Public Resources Code,
37 recommend additional technologies and resources to be included
38 in the definition of an eligible renewable energy resource for
39 purposes of this chapter.

1 Article 5. Renewable Energy Credits

2
3 980. (a) Subject to the conditions of this article, a retail seller
4 or local publicly owned electric utility may use renewable energy
5 credits from eligible renewable energy resources that are certified
6 by the Energy Commission pursuant to Article 4, to comply with
7 the renewables portfolio standard procurement requirements.

8 (b) No retail seller or local publicly owned electric utility shall
9 use renewable energy credits to comply with the renewables
10 portfolio standard procurement requirements pursuant to
11 subdivision (a) or (b) until the commission and the Energy
12 Commission find that the tracking system established pursuant to
13 paragraph (3) of subdivision (a) of Section 975, is operational, is
14 capable of independently verifying the electricity generated by an
15 eligible renewable energy resource, and can ensure that renewable
16 energy credits shall not be double counted for the purposes of
17 compliance with regulatory or legal requirements of this state or
18 any other state, or for verifying retail product claims in this state
19 or any other state.

20 (c) A renewable energy credit shall be counted only once for
21 the purposes of compliance with regulatory or legal requirements
22 of this state or any other state, or for verifying retail product claims
23 in this state or any other state, except that a renewable energy credit
24 may be used by a retail seller or local publicly owned electric
25 utility for both compliance with any federal renewable energy
26 portfolio requirement and for compliance with the renewables
27 portfolio standard pursuant to this chapter.

28 (d) A renewable energy credit shall either be used for purposes
29 of compliance with regulatory or legal requirements of this state
30 or any other state, or shall expire within 18 months of the date of
31 purchase by the retail seller or local publicly owned utility.

32 (e) No renewable energy credits shall be created for electricity
33 generated pursuant to any electricity purchase contract with a retail
34 seller or a local publicly owned electric utility executed before
35 January 1, 2005, unless the contract contains explicit terms and
36 conditions specifying the ownership or disposition of those credits.
37 Deliveries under those contracts shall be tracked through the
38 accounting system described in paragraph (3) of subdivision (a)
39 of Section 975 and included in the baseline quantity of eligible
40 renewable energy resources of a purchasing retail seller pursuant

1 to Article 2, or a local publicly owned electric utility pursuant to
2 Article 3.

3 (f) No renewable energy credits shall be created for electricity
4 generated under any electricity purchase contract with a qualifying
5 facility executed after January 1, 2005, pursuant to the federal
6 Public Utility Regulatory Policies Act of 1978 (Public Law
7 95-617). Deliveries under the electricity purchase contracts shall
8 be tracked through the accounting system described in paragraph
9 (3) of subdivision (a) of Section 975 and count toward the
10 renewables portfolio standard procurement requirements of the
11 purchasing retail seller or local publicly owned electric utility.

12 (g) The commission shall allow an electrical corporation to
13 recover in rates the reasonable costs of purchasing renewable
14 energy credits to meet its renewables portfolio standard
15 procurement requirements.

16 (h) All revenues received by an electrical corporation for the
17 sale of a renewable energy credit shall be credited to the benefit
18 of ratepayers.

19 -

20 ~~Article 6: Renewables Infrastructure Authority~~

21 -

22 ~~990. (a) The Legislature finds and declares that in order to~~
23 ~~furnish the citizens of California with a reliable and affordable~~
24 ~~supply of electricity that integrates electricity generated from~~
25 ~~eligible renewable energy resources consistent with the renewables~~
26 ~~portfolio standard, and to protect the public health, welfare, and~~
27 ~~safety, the state needs to finance, purchase, lease, own, operate,~~
28 ~~acquire, or otherwise provide financial assistance for public and~~
29 ~~private facilities for the generation and transmission of electricity~~
30 ~~generated from eligible renewable energy resources.~~

31 ~~(b) As used in this article, the following terms have the following~~
32 ~~meanings:~~

33 ~~(1) "Authority" means the Renewables Infrastructure Authority~~
34 ~~established pursuant to Section 991 and any board, commission,~~
35 ~~department, or officer succeeding to the functions thereof, or to~~
36 ~~whom the powers conferred upon the authority by this article shall~~
37 ~~be given by law.~~

38 ~~(2) "Board" means the Board of Directors of the Renewables~~
39 ~~Infrastructure Authority.~~

1 (3) “Bond purchase agreement” means a contractual agreement
2 executed between the authority and an underwriter or underwriters
3 and, where appropriate, a participating party, whereby the authority
4 agrees to sell bonds issued pursuant to this article.

5 (4) “Bonds” means ~~bonds, including structured, senior, and~~
6 ~~subordinated bonds or other securities; loans; notes, including~~
7 ~~bond revenue or grant anticipation notes; certificates of~~
8 ~~indebtedness; commercial paper; floating rate and variable maturity~~
9 ~~securities; and any other evidences of indebtedness or ownership,~~
10 ~~including certificates of participation or beneficial interest, asset~~
11 ~~backed certificates, or lease-purchase or installment purchase~~
12 ~~agreements, whether taxable or excludable from gross income for~~
13 ~~state and federal income taxation purposes.~~

14 (5) “Cost,” as applied to a program, project, or portion thereof
15 financed under this article, means all or any part of the cost of
16 construction, improvement, repair, reconstruction, renovation, and
17 acquisition of all lands, structures, improved or unimproved real
18 or personal property, rights, rights-of-way, franchises, licenses,
19 easements, and interests acquired or used for a project; the cost of
20 demolishing or removing or relocating any buildings or structures
21 on land so acquired, including the cost of acquiring any lands to
22 which the buildings or structures may be moved; the cost of all
23 machinery and equipment; financing charges; the costs of any
24 environmental mitigation; the costs of issuance of bonds or other
25 indebtedness; interest prior to, during, and for a period after,
26 completion of the project, as determined by the authority;
27 provisions for working capital; reserves for principal and interest;
28 reserves for reduction of costs for loans or other financial
29 assistance; reserves for maintenance, extension, enlargements,
30 additions, replacements, renovations, and improvements; and the
31 cost of architectural, engineering, financial, appraisal, and legal
32 services, plans, specifications, estimates, administrative expenses,
33 and other expenses necessary or incidental to determining the
34 feasibility of any project, enterprise, or program or incidental to
35 the completion or financing of any project or program.

36 (6) “Electric transmission line” means any electrical powerline
37 carrying electricity from a powerplant or renewable energy
38 designation zone located within the state to a point of junction
39 with any interconnected transmission system. Electric transmission
40 line may include any high-voltage electric transmission line

1 pursuant to Section 25330 of the Public Resources Code, and any
2 replacement on the site of existing electrical powerlines with
3 electrical powerlines equivalent to those existing electrical
4 powerlines or the placement of new or additional conductors,
5 insulators, or accessories related to those electrical powerlines on
6 supporting structures in existence on January 1, 2010, or certified
7 pursuant to this article. Electric transmission line may also include
8 a remote resource interconnection line to accommodate proposed
9 location-constrained generation in a designated renewable energy
10 designation zone.

11 (7) “Enterprise” means a revenue-producing improvement,
12 building, system, plant, works, facilities, or undertaking used for
13 or useful for the generation or production of electricity for lighting,
14 heating, and power for public or private uses. Enterprise includes,
15 but is not limited to, all parts of the enterprise, all appurtenances
16 to it, lands, easements, rights in land, water rights, contract rights,
17 franchises, buildings, structures, improvements, equipment, and
18 facilities appurtenant or relating to the enterprise.

19 (8) “Feasible” means capable of being accomplished in a
20 successful manner within a reasonable period of time, taking into
21 account economic, environmental, social, and technological factors.

22 (9) “Financial assistance” in connection with a project, enterprise
23 or program, includes, but is not limited to, any combination of
24 grants, loans, the proceeds of bonds issued by the authority,
25 insurance, guarantees or other credit enhancements or liquidity
26 facilities, and contributions of money, property, labor, or other
27 things of value, as may be approved by resolution of the board;
28 the purchase or retention of authority bonds, the bonds of a
29 participating party for their retention or for sale by the authority,
30 or the issuance of authority bonds or the bonds of a special purpose
31 trust used to fund the cost of a project or program for which a
32 participating party is directly or indirectly liable, including, but
33 not limited to, bonds, the security for which is provided in whole
34 or in part pursuant to the powers granted by this division; bonds
35 for which the authority has provided a guarantee or enhancement;
36 or any other type of assistance determined to be appropriate by
37 the authority.

38 (10) “Fund” means the Renewables Infrastructure Authority
39 Fund created pursuant to Section 995.

1 (11) “Loan agreement” means a contractual agreement executed
2 between the authority and a participating party that provides that
3 the authority will loan funds to the participating party and that the
4 participating party will repay the principal and pay the interest and
5 redemption premium, if any, on the loan.

6 (12) “Participating party” means either of the following:

7 (A) Any person, company, corporation, partnership, firm,
8 federally recognized California Indian tribe, or other entity or
9 group of entities, whether organized for profit or not for profit,
10 engaged in business or operations within the state and that applies
11 for financial assistance from the authority for the purpose of
12 implementing a project or program in a manner prescribed by the
13 authority.

14 (B) Any subdivision of the state or local government, including,
15 but not limited to, departments, agencies, commissions, cities,
16 counties, nonprofit corporations, special districts, assessment
17 districts, and joint powers authorities within the state or any
18 combination of these subdivisions, that has, or proposes to acquire,
19 an interest in a project, or that operates or proposes to operate a
20 program and that makes application to the authority for financial
21 assistance in a manner prescribed by the authority.

22 (13) “Program” means a loan program that provides financial
23 assistance to a participating party to use for the purchase or lease
24 of eligible renewable energy resources.

25 (14) “Project” means plants, facilities, equipment, appliances,
26 structures, expansions, and improvements within the state that
27 serve the purposes of this article as approved by the authority, and
28 all activities and expenses necessary to initiate and complete those
29 projects.

30 (15) “Renewable energy designation zone” means the
31 geographic area necessary to accommodate the construction and
32 operation of one or more powerplants or other form of generation
33 that operate using an “eligible renewable energy resource” as
34 defined in Section 952 and where the backup fuel, such as oil and
35 natural gas, does not, in the aggregate, exceed 10 percent of the
36 total energy output of the facility during any calendar year period.
37 A renewable energy designation zone shall accommodate existing
38 land uses and land uses identified in local, general, or specific
39 plans, and avoid environmental constraints or mitigate potential
40 environmental impacts.

1 ~~(16) “Revenues” means all receipts, purchase payments, loan~~
2 ~~repayments, lease payments, rents, fees and charges, and all other~~
3 ~~income or receipts derived by the authority from an enterprise, or~~
4 ~~by the authority or a participating party from any other financing~~
5 ~~arrangement undertaken by the authority or a participating party,~~
6 ~~including, but not limited to, all receipts from a bond purchase~~
7 ~~agreement, and any income or revenue derived from the investment~~
8 ~~of any money in any fund or account of the authority or a~~
9 ~~participating party.~~

10 ~~(17) “State” means the State of California.~~

11 ~~(18) “Transmission corridor zone” means the geographic area~~
12 ~~necessary to accommodate the construction and operation of one~~
13 ~~or more high-voltage electric transmission lines. A transmission~~
14 ~~corridor zone shall not be more than 1,500 feet in width unless~~
15 ~~required to accommodate existing land uses and land uses identified~~
16 ~~in local, general, or specific plans, or to avoid environmental~~
17 ~~constraints or mitigate potential environmental impacts.~~

18 ~~(e) Any action taken pursuant to this division is exempt from~~
19 ~~the Administrative Procedure Act, as defined in Section 11370 of~~
20 ~~the Government Code.~~

21 ~~991. (a) There is hereby created in the state government the~~
22 ~~Renewables Infrastructure Authority, which shall be responsible~~
23 ~~for administering this article. The authority shall implement the~~
24 ~~purposes of this chapter and to that end, finance projects and~~
25 ~~programs in pursuant to this article, all to the mutual benefit of the~~
26 ~~people of the state and to protect their health, welfare, and safety.~~

27 ~~(b) The authority shall be governed by a nine-member board of~~
28 ~~directors that shall consist of the following persons:~~

29 ~~(1) The Secretary for Resources.~~

30 ~~(2) Secretary for Environmental Protection.~~

31 ~~(3) Chair of the Energy Commission.~~

32 ~~(4) President of the commission.~~

33 ~~(5) A member of the public appointed by the Governor and~~
34 ~~subject to confirmation by the Senate. This member shall have~~
35 ~~considerable experience in power generation, natural gas~~
36 ~~transportation or storage, energy conservation, financing, or~~
37 ~~ratepayer advocacy.~~

38 ~~(6) The State Treasurer.~~

39 ~~(7) The president of the Independent System Operator governing~~
40 ~~board.~~

1 ~~(8) A designee of the Senate Pro Tem, who shall be a nonvoting~~
2 ~~member.~~

3 ~~(9) A designee of the Speaker of the Assembly, who shall be a~~
4 ~~nonvoting member.~~

5 ~~(e) A quorum is necessary for any action to be taken by the~~
6 ~~board. Five of the members shall constitute a quorum, and the~~
7 ~~affirmative vote of four board members shall be necessary for any~~
8 ~~action to be taken by the board.~~

9 ~~(d) (1) The chairperson of the board shall be appointed by the~~
10 ~~Governor.~~

11 ~~(2) Except as provided in this subdivision, the members of the~~
12 ~~board shall serve without compensation, but shall be reimbursed~~
13 ~~for actual and necessary expenses incurred in the performance of~~
14 ~~their duties to the extent that reimbursement for these expenses is~~
15 ~~not otherwise provided or payable by another public agency, and~~
16 ~~shall receive one hundred dollars (\$100) for each full day of~~
17 ~~attending meetings of the authority.~~

18 ~~991.1. (a) The authority is authorized and empowered to do~~
19 ~~any of the following:~~

20 ~~(1) Adopt an official seal.~~

21 ~~(2) Sue and be sued in its own name.~~

22 ~~(3) Employ or contract with officers and employees to~~
23 ~~administer the authority. The authority may contract for the services~~
24 ~~of a chief executive officer, who shall serve at the pleasure of the~~
25 ~~board. If the chief executive officer contracts for the services of~~
26 ~~any other officer or employee, the contract shall be subject to the~~
27 ~~approval of the board.~~

28 ~~(4) Exercise the power of eminent domain.~~

29 ~~(5) Adopt rules and regulations for the regulation of its affairs~~
30 ~~and the conduct of its business.~~

31 ~~(6) Do all things generally necessary or convenient to carry out~~
32 ~~its powers and purposes under this article.~~

33 ~~(b) The chief executive officer shall manage and conduct the~~
34 ~~business and affairs of the authority and the fund subject to the~~
35 ~~direction of the board. Except as otherwise provided in this section,~~
36 ~~the board may assign to the executive director, by resolution, those~~
37 ~~duties generally necessary or convenient to carry out its powers~~
38 ~~and purposes under this article. The chief executive office may~~
39 ~~designate a liaison to the federal government to facilitate, when~~
40 ~~necessary, the implementation of its powers and duties. Any action~~

1 involving final approval of any bonds, notes, loans, or other
2 financial assistance shall require the approval of a majority of the
3 members of the board.

4 ~~991.2. (a) The authority's operating budget shall be subject~~
5 ~~to review and appropriation in the annual Budget Act. For purposes~~
6 ~~of this section, the authority's operating budget shall include the~~
7 ~~costs of personnel, administration, and overhead.~~

8 ~~(b) The authority shall, on or before January 1 of each year,~~
9 ~~prepare and submit to the Governor, the Chairperson of the Joint~~
10 ~~Legislative Budget Committee, and the chairperson of the~~
11 ~~committee in each house that considers appropriations, a report~~
12 ~~regarding its activities and expenditures pursuant to this article.~~

13 ~~(c) The Bureau of State Audits shall perform an evaluation of~~
14 ~~the effectiveness of the authority's efforts in achieving its purposes~~
15 ~~as described in Section 991.3. The evaluation shall include~~
16 ~~recommendations as to whether there is a continued need for the~~
17 ~~authority beyond January 1, 2016. The evaluation shall be~~
18 ~~submitted to the Governor and the Legislature on or before January~~
19 ~~1, 2014.~~

20 ~~991.3. The authority may only exercise its powers pursuant to~~
21 ~~this article for the following purposes:~~

22 ~~(a) Establish, finance, purchase, lease, own, operate, acquire,~~
23 ~~or construct generating facilities that are eligible renewable energy~~
24 ~~resources and other projects and enterprises to facilitate the state's~~
25 ~~renewable energy goals, on its own or through agreements with~~
26 ~~public and private third parties or joint ventures with public or~~
27 ~~private entities, or provide financial assistance for projects or~~
28 ~~programs by participating parties, to supplement private and public~~
29 ~~sector supplies of electricity, taking into account generation~~
30 ~~facilities in operation or under development as of the effective date~~
31 ~~of this section, and to ensure a sufficient and reliable supply of~~
32 ~~electricity for California's consumers at just and reasonable rates.~~

33 ~~(b) Finance programs, administered by the Energy Commission,~~
34 ~~the commission, and other approved participating parties for~~
35 ~~consumers and businesses to invest in cost-effective energy~~
36 ~~efficient appliances, eligible renewable energy resources, and other~~
37 ~~programs that will reduce the demand for energy in California or~~
38 ~~meet that demand through generation from eligible renewable~~
39 ~~energy resources.~~

40 ~~(c) Achieve an adequate energy reserve capacity in California.~~

1 ~~(d) Provide financing for owners of aged, inefficient, eligible~~
2 ~~renewable energy resources to perform necessary retrofits to~~
3 ~~improve the efficiency and environmental performance of those~~
4 ~~resources.~~

5 ~~991.4. The authority may enter into any agreement or contract,~~
6 ~~execute any instrument, and perform any act or thing necessary or~~
7 ~~convenient to, directly or indirectly, secure the authority's bonds~~
8 ~~or a participating party's obligations to the authority, including,~~
9 ~~but not limited to, bonds of a participating party purchased by the~~
10 ~~authority for retention or sale, with funds or moneys that are legally~~
11 ~~available and that are due or payable to the participating party by~~
12 ~~reason of any grant, allocation, apportionment, or appropriation~~
13 ~~of the state or agencies thereof, to the extent that the Controller~~
14 ~~shall be the custodian at any time of these funds or moneys, or~~
15 ~~with funds or moneys that are or will be legally available to the~~
16 ~~participating party, the authority, or the state or any agencies~~
17 ~~thereof by reason of any grant, allocation, apportionment, or~~
18 ~~appropriation of the federal government or agencies thereof; and~~
19 ~~in the event of written notice that the participating party has not~~
20 ~~paid or is in default on its obligations to the authority, direct the~~
21 ~~Controller to withhold payment of those funds or moneys from~~
22 ~~the participating party over which it is or will be custodian and to~~
23 ~~pay the same to the authority or its assignee, or direct the state or~~
24 ~~any agencies thereof to which any grant, allocation, apportionment,~~
25 ~~or appropriation of the federal government or agencies thereof is~~
26 ~~or will be legally available to pay the same upon receipt to the~~
27 ~~authority or its assignee, until the default has been cured and the~~
28 ~~amounts then due and unpaid have been paid to the authority or~~
29 ~~its assignee, or until arrangements satisfactory to the authority~~
30 ~~have been made to cure the default.~~

31 ~~991.5. (a) The fiscal powers granted to the authority by this~~
32 ~~article may be exercised without regard or reference to any other~~
33 ~~department, division, or agency of the state, except the Legislature~~
34 ~~or as otherwise stated in this article. This article shall be deemed~~
35 ~~to provide an alternative method of doing the things authorized by~~
36 ~~this article, and shall be regarded as supplemental and additional~~
37 ~~to powers conferred by other laws.~~

38 ~~(b) No member of the board or any person executing bonds of~~
39 ~~the authority pursuant to this article shall be personally liable on~~

1 the bonds or subject to any personal liability or accountability by
2 reason of the issuance thereof.

3 ~~(e) All expenses incurred in connection with any enterprise or~~
4 ~~project in carrying out this article shall be payable solely from~~
5 ~~funds provided under the authority of this article and no liability~~
6 ~~or obligation shall be imposed upon the State of California and,~~
7 ~~none shall be incurred by the authority beyond the extent to which~~
8 ~~moneys shall have been provided under this article. Under no~~
9 ~~circumstances shall the authority create any debt, liability, or~~
10 ~~obligation on the part of the State of California in connection with~~
11 ~~any enterprise or project payable from any source whatsoever other~~
12 ~~than the moneys provided under this article.~~

13 ~~991.6. In connection with an enterprise, the authority may do~~
14 ~~any or all of the following:~~

15 ~~(a) Acquire any enterprise by gift, purchase, or eminent domain~~
16 ~~as necessary to achieve the purposes of the authority pursuant to~~
17 ~~Sections 991.3 and 992.1.~~

18 ~~(b) Construct or improve any enterprise. By gift, lease, purchase,~~
19 ~~eminent domain, or otherwise, it may acquire any real or personal~~
20 ~~property, for an enterprise, except that no property of a state public~~
21 ~~body may be acquired without its consent. The authority may sell,~~
22 ~~lease, exchange, transfer, assign, or otherwise dispose of any real~~
23 ~~or personal property or any interest in such property. It may lay~~
24 ~~out, open, extend, widen, straighten, establish, or change the grade~~
25 ~~of any real property or public rights-of-way necessary or convenient~~
26 ~~for any enterprise.~~

27 ~~(c) Operate, maintain, repair, or manage all or any part of any~~
28 ~~enterprise, including the leasing for commercial purposes of surplus~~
29 ~~space or other space that is not economic to use for such enterprise.~~

30 ~~(d) Adopt reasonable rules or regulations for the conduct of the~~
31 ~~enterprise.~~

32 ~~(e) Prescribe, revise, and collect charges for the services,~~
33 ~~facilities, or energy furnished by the enterprise. The charges shall~~
34 ~~be established and adjusted so as to provide funds sufficient with~~
35 ~~other revenues and moneys available therefor, if any, to (1) pay~~
36 ~~the principal of, and interest on, outstanding bonds of the authority~~
37 ~~financing such enterprise as the same shall become due and~~
38 ~~payable, (2) create and maintain reserves, including, without~~
39 ~~limitation, operating and maintenance reserves and reserves~~
40 ~~required or provided for in any resolution authorizing, or trust~~

1 ~~agreement securing such bonds, and (3) pay operating and~~
2 ~~administrative costs of the authority.~~

3 ~~(f) Execute all instruments, perform all acts, and do all things~~
4 ~~necessary or convenient in the exercise of the powers granted by~~
5 ~~this article.~~

6 ~~991.7. In connection with a project, the authority may do any~~
7 ~~or all of the following:~~

8 ~~(a) Determine the location and character of any project to be~~
9 ~~financed under this article.~~

10 ~~(b) Acquire, construct, enlarge, remodel, renovate, alter,~~
11 ~~improve, furnish, equip, own, maintain, manage, repair, operate,~~
12 ~~lease as lessee or lessor, or regulate any project to be financed~~
13 ~~under this article.~~

14 ~~(c) Contract with any participating party for the construction of~~
15 ~~a project by such participating party.~~

16 ~~(d) Enter into leases and agreements, as lessor or lessee, with~~
17 ~~any participating party relating to the acquisition, construction,~~
18 ~~and installation of any project, including real property, buildings,~~
19 ~~equipment, and facilities of any kind or character.~~

20 ~~(e) Establish, revise, charge and collect rates, rents, fees, and~~
21 ~~charges for a project. The rates, rents, fees, and charges shall be~~
22 ~~established and adjusted in respect to the aggregate rates, rents,~~
23 ~~fees, and charges from all projects so as to provide funds sufficient~~
24 ~~with other revenues and moneys available therefor, if any, to (1)~~
25 ~~pay the principal of and interest on outstanding bonds of the~~
26 ~~authority financing the project as the same shall become due and~~
27 ~~payable, (2) create and maintain reserves, including, without~~
28 ~~limitation, operating and maintenance reserves and reserves~~
29 ~~required or provided for in any resolution authorizing, or trust~~
30 ~~agreement securing the bonds, and (3) pay operating and~~
31 ~~administrative costs of the authority.~~

32 ~~(f) Enter into contracts of sale with any participating party~~
33 ~~covering any project financed by the authority.~~

34 ~~(g) As an alternative to leasing or selling a project to a~~
35 ~~participating party, finance the acquisition, construction, or~~
36 ~~installation of a project by means of a loan to the participating~~
37 ~~party.~~

38 ~~(h) Execute all instruments, perform all acts, and do all things~~
39 ~~necessary or convenient in the exercise of the powers granted by~~
40 ~~this article.~~

1 991.8. In connection with the purposes of this article, the
2 authority may charge and equitably apportion among participating
3 parties or other public or private entities the authority's
4 administrative costs and expenses, including operating and
5 financing-related costs incurred in connection with an enterprise
6 or a project. The authority shall recover those costs that are related
7 to one of the authority's own enterprises or projects, in which case
8 costs shall be included in the cost of generating and transmitting
9 that electricity.

10 992. (a) All generation-related projects and enterprises financed
11 pursuant to this article shall provide electricity to the consumers
12 of this state at the cost of generating that electricity, including the
13 costs of financing those projects or enterprises. To the extent that
14 electricity is not needed in the state, or that it is financially
15 advantageous to California consumers, the electricity may be sold
16 outside the state at just and reasonable rates.

17 (b) If a participating party is an electrical corporation, the
18 commission shall determine the cost of generating electricity and
19 to which entities the electricity is sold.

20 (c) If a participating party is a local publicly owned electric
21 utility seeking to provide electricity to consumers in its service
22 territory, the governing board of that utility shall determine the
23 cost of generating electricity and to which entities the electricity
24 is sold.

25 (d) If neither subdivision (b) nor subdivision (c) applies, the
26 authority shall determine the cost of generating electricity and to
27 which entities the electricity is sold, consistent with subdivision
28 (a).

29 992.1. In addition to the other powers provided in this article,
30 the activities of the authority under this article are intended to
31 supplement private and public sector supplies of electricity
32 generated from eligible renewable energy resources, taking into
33 account generation facilities in operation or under development
34 as of January 1, 2010, consistent with achieving reasonable energy
35 capacity reserves.

36 992.2. The authority shall have the authority to receive and act
37 on applications for financial assistance from renewable generators
38 who commit to undertake capacity expansion through facility
39 retrofits, new construction, or both, that will improve the efficiency

1 and environmental performance of generation facilities that are
2 eligible renewable energy resources.

3 992.4. (a) The authority may not invest in any nuclear facilities
4 or develop additional hydroelectric facilities without first receiving
5 specific statutory authorization to do so on a project-by-project
6 basis.

7 (b) All generation facilities constructed or improved pursuant
8 to this article shall comply with Chapter 1 (commencing with
9 Section 1720) of Part 7 of Division 2 of the Labor Code.

10 992.5. (a) If the authority determines that additional electric
11 generation supply is required to meet the purposes of this chapter,
12 the authority may undertake the following activities to ensure that
13 the authority, or any participating party, is able to build, own, and
14 operate generation facilities as part of a least cost electric supply
15 policy:

16 (1) (A) Identify suitable sites or renewable energy designation
17 zones for the construction of generation facilities, taking into
18 account fuel supply, interconnection, community, feasibility, and
19 environmental factors.

20 (B) The authority may designate a renewable energy designation
21 zone on its own motion, by a motion by the Energy Commission,
22 or by an application of a person who plans to construct an eligible
23 renewable energy resource within the state. The designation of a
24 renewable energy designation zone shall serve to identify a feasible
25 region where one or more generation facilities that are eligible
26 renewable energy resources may be built that are consistent with
27 the state's needs and objectives as set forth in the Renewables
28 Investment Plan adopted pursuant to Section 994.

29 (C) In addition to designating zones, the authority may rank
30 renewable energy designation zones based on the following criteria:

31 (i) Total capacity of generation projects that are in the
32 Independent System Operator generation queue for each of the
33 renewable energy designation zones.

34 (ii) Fuel diversity.

35 (iii) Distance to the nearest possible Independent System
36 Operator transmission bulk facility.

37 (iv) Potential viable transmission route.

38 (v) Order of magnitude of transmission cost per megawatt for
39 the designated renewable energy designation zone to deliver
40 electricity from renewable generators to the load centers.

1 ~~(vi) Realistic commercial operating dates for~~
2 ~~location-constrained projects and the transmission interconnection~~
3 ~~facilities.~~

4 ~~(vii) Potential impact on the transmission access charge.~~

5 ~~(viii) Potential operational, congestion, and reliability benefits~~
6 ~~of the facility.~~

7 ~~(ix) Stranded cost risk and potential impact.~~

8 ~~(x) Alternative means of transmission access from the renewable~~
9 ~~energy designation zone to the Independent System Operator grid.~~

10 ~~(D) The authority shall arrange for the publication of a summary~~
11 ~~of any application made for designation in a newspaper of general~~
12 ~~circulation in each county where the proposed renewable energy~~
13 ~~designation zone would be located, and shall notify all property~~
14 ~~owners within, or adjacent to, the renewable energy designation~~
15 ~~zone. The authority shall transmit a copy of the application for~~
16 ~~designation to all cities, counties, and state and federal agencies~~
17 ~~having an interest in the proposed renewable energy designation~~
18 ~~zone. The authority shall publish the application for designation~~
19 ~~on its Internet Web site, and notify members of the public that the~~
20 ~~application is available on the authority's Internet Web site.~~

21 ~~(E) As soon as practicable after the authority designates a~~
22 ~~renewable energy designation zone, it shall do both of the~~
23 ~~following:~~

24 ~~(i) Post a copy of its decision on its Internet Web site and cause~~
25 ~~a summary of the notice to be published in a newspaper of general~~
26 ~~circulation in each county in which the renewable energy~~
27 ~~designation zone and related facilities, or any part thereof,~~
28 ~~designated in the notice are proposed to be located.~~

29 ~~(ii) Send a copy of its decision, including a description of the~~
30 ~~renewable energy designation zone to each affected city, county,~~
31 ~~state agency, and federal agency, and notify property owners within~~
32 ~~or adjacent to the renewable energy designation zone of the~~
33 ~~availability of the decision on the authority's Internet Web site.~~

34 ~~(F) After receiving notice from the authority regarding the~~
35 ~~designation or revision of a renewable energy designation zone~~
36 ~~within its jurisdiction, each city or county shall consider the~~
37 ~~designated zone when making a determination regarding a land~~
38 ~~use change within or adjacent to the zone that could affect its~~
39 ~~continuing viability to accommodate generation facilities, related~~
40 ~~transmission lines, transmission corridor zones, or other facilities~~

1 appurtenant to the designated zone. Upon receiving the authority's
2 notification of a proposed renewable energy designation zone, a
3 city or county may request a fee from the authority to cover the
4 actual added costs of this review and the authority shall pay this
5 amount to the city or county.

6 ~~(G) After the authority designates a renewable energy~~
7 ~~designation zone, it shall identify that zone in its subsequent~~
8 ~~Renewables Investment Plans adopted pursuant to Section 994.~~
9 ~~The Energy Commission shall display the renewable energy~~
10 ~~designation zone in the strategic plans adopted pursuant to Section~~
11 ~~25324 of the Public Resources Code.~~

12 ~~(H) If, upon regular review or at any other time, the authority~~
13 ~~finds that a renewable energy designation zone designation is no~~
14 ~~longer needed, the authority shall revise or repeal the designation~~
15 ~~and, as soon as practicable, notify the affected cities, counties,~~
16 ~~state and federal agencies, and property owners within, or adjacent~~
17 ~~to, the renewable energy designation zone.~~

18 ~~(2) (A) Notwithstanding Chapter 6 (commencing with Section~~
19 ~~25500) of Division 15 of the Public Resources Code, certify all~~
20 ~~sites and related facilities for all generation facilities that are~~
21 ~~eligible renewable energy resources, and facilities appurtenant~~
22 ~~thereto, that are within the state that have a minimum generating~~
23 ~~capacity of 5 megawatts, including, but not limited to, all~~
24 ~~generation facilities in a designated renewable energy designation~~
25 ~~zone, including new sites and related facilities and changes or~~
26 ~~additions to an existing facility.~~

27 ~~(B) The issuance of a certificate by the authority shall be in lieu~~
28 ~~of any permit, certificate, or similar document required by any~~
29 ~~state, local, or regional agency or federal agency to the extent~~
30 ~~permitted by federal law, for use of the site and related facilities,~~
31 ~~and shall supersede any applicable statute, ordinance, or regulation~~
32 ~~of any state, local, or regional agency, or federal agency to the~~
33 ~~extent permitted by federal law.~~

34 ~~(C) The authority shall determine within 30 days of the~~
35 ~~application to construct a generation facility within a designated~~
36 ~~renewable energy designation zone whether the application is~~
37 ~~complete.~~

38 ~~(D) If the notice or application is determined to be complete,~~
39 ~~the authority shall conduct all applicable public and community~~
40 ~~involvement processes. After the conclusion of hearings, and no~~

1 later than 180 days after the date of determination of whether the
2 application is complete, the authority shall issue a proposed
3 decision that contains its findings and conclusions regarding all
4 of the following matters:

5 (i) Conformity of the proposed generation facility and related
6 facilities with the Renewables Investment Plan adopted pursuant
7 to Section 994.

8 (ii) Suitability of the proposed generation facility and related
9 facilities with respect to environmental, public health and safety,
10 land use, economic, and transmission-system impacts.

11 (iii) Mitigation measures and alternatives as may be needed to
12 protect environmental quality, public health and safety, the state's
13 electrical transmission grid, or any other relevant matter.

14 (iv) Other factors that the authority considers relevant.

15 (E) The authority shall issue its final decision on certification
16 within six months of the date the authority determined that the
17 application was complete.

18 (3) Secure rights to the sites or renewable energy designation
19 zones identified, including, but not limited to, fee simple
20 acquisition, leaseholds, or options.

21 (4) Conduct any studies that may be necessary to construct and
22 operate generation facilities at the site that are eligible renewable
23 energy resources, including, but not limited to, environmental,
24 engineering, or feasibility studies. The designation of a renewable
25 energy designation zone is subject to the California Environmental
26 Quality Act (Division 13 (commencing with Section 21000) of
27 the Public Resources Code). The authority shall be the lead agency
28 for all generation projects proposed in the designated zone. When
29 deemed feasible, the authority shall prepare a master environmental
30 impact report for a designated zone.

31 (5) Conduct, in coordination with the Energy Commission, all
32 applicable public and community involvement processes.

33 (6) Apply for permits, licenses, or other local, state, or federal
34 approvals, including, but not limited to, compliance with the
35 applicable procedures of the Energy Commission.

36 (b) The authority may request proposals from qualified
37 participating parties to purchase, lease, or otherwise acquire sites
38 for the purpose of developing generation facilities that are eligible
39 renewable energy resources and that will provide the lowest cost
40 electricity to consumers over the life of the facilities, consistent

1 with Section 992. If after 45 days following a request for proposals,
2 or 45 days after notification pursuant to subparagraph (E) of
3 paragraph (1) of subdivision (a), if the authority determines it is
4 necessary and feasible, the authority shall exercise its authority to
5 build, own, and operate generation facilities as part of a least cost
6 electrical supply policy.

7 (e) ~~The authority shall comply with all applicable air quality
8 laws and all environmental regulations.~~

9 993. (a) In accordance with the provisions of this article and
10 notwithstanding any other provision of law, the authority shall,
11 except as provided in subdivision (e), have the exclusive power
12 to ~~certify all electric transmission lines, remote resource
13 interconnection lines, electric transmission facilities and facilities
14 appurtenant thereto, and related facilities in the state, including
15 new electric transmission lines or transmission corridor zones and
16 related facilities or changes or additions to existing electric
17 transmission lines.~~

18 (b) ~~The issuance of a certificate by the authority shall be in lieu
19 of any permit, certificate, or similar document required by any
20 state, local or regional agency, or federal agency to the extent
21 permitted by federal law, for such use of the site and related
22 facilities, and shall supersede any applicable statute, ordinance, or
23 regulation of any state, local, or regional agency, or federal agency
24 to the extent permitted by federal law.~~

25 (e) ~~On or after January 1, 2011, no facility or line described in
26 subdivision (a) shall commence without first obtaining certification
27 for that site and related facility by the authority.~~

28 (d) ~~The authority shall certify sufficient sites and related
29 facilities which are required for the transmission of electricity
30 sufficient to accommodate the generation projected in the most
31 recent designation of a renewable energy designation zone, adopted
32 pursuant to Section 992.5.~~

33 (e) (1) ~~This section does not apply to any electric transmission
34 lines or facilities appurtenant thereto for which the commission
35 has issued a certificate of public convenience and necessity, or
36 which any local publicly owned electric utility has approved, before
37 January 1, 2011.~~

38 (2) ~~This section does not apply to electric transmission lines
39 that connect generation facilities to the high-voltage transmission~~

1 grid that are under the siting authority of the Energy Commission,
2 pursuant to Section 25500 of the Public Resources Code.

3 ~~993.4. (a) The authority may not invest in any electric~~
4 ~~transmission lines without first receiving specific statutory~~
5 ~~authorization to do so on a project-by-project basis.~~

6 ~~(b) All electric transmission lines constructed or improved~~
7 ~~pursuant to this division shall comply with Chapter 1 (commencing~~
8 ~~with Section 1720) of Part 7 of Division 2 of the Labor Code.~~

9 ~~993.5. (a) If the authority determines that an additional electric~~
10 ~~transmission line is required to meet the purposes of this chapter,~~
11 ~~the authority may undertake the following activities to ensure that~~
12 ~~the authority, or any participating party, is able to build, own, and~~
13 ~~operate transmission lines as part of a least cost electric supply~~
14 ~~policy:~~

15 ~~(1) Identify suitable sites for the construction of electric~~
16 ~~transmission lines, taking into account the designation of a~~
17 ~~renewable energy designation zone, interconnection, community,~~
18 ~~feasibility, and environmental factors.~~

19 ~~(2) Identify the site for an electric transmission line or a~~
20 ~~transmission corridor zone on its own motion, by a motion by the~~
21 ~~Energy Commission, or by application of a person who plans to~~
22 ~~construct an electric transmission line within the state. The~~
23 ~~designation of a site for an electric transmission line or a~~
24 ~~transmission corridor zone shall serve to identify a feasible corridor~~
25 ~~where one or more future electric transmission lines can be built~~
26 ~~that are consistent with the state's needs and objectives as set forth~~
27 ~~in the Renewables Investment Plan adopted pursuant to Section~~
28 ~~994.~~

29 ~~(3) Require an application to site the electric transmission line~~
30 ~~be submitted to the authority. The application shall be in the form~~
31 ~~prescribed by the authority, shall be supported by any information~~
32 ~~that the authority may require, and shall require a showing that the~~
33 ~~site being applied for is consistent with the Renewables Investment~~
34 ~~Plan adopted pursuant to Section 994.~~

35 ~~(4) Secure rights to the sites identified, including, but not limited~~
36 ~~to, fee simple acquisition, leaseholds, or options.~~

37 ~~(5) Conduct any studies that may be necessary to construct and~~
38 ~~operate electric transmission lines and transmission corridor zones,~~
39 ~~including, but not limited to, environmental, engineering, or~~
40 ~~feasibility studies. The designation of the site for an electric~~

1 transmission line and facilities appurtenant thereto or transmission
2 corridor zones is subject to the California Environmental Quality
3 Act (Division 13 (commencing with Section 21000) of the Public
4 Resources Code). The authority shall be the lead agency for all
5 electric transmission lines and facilities appurtenant thereto and
6 transmission corridor zones pursuant to this chapter. The authority
7 shall conduct a programmatic environmental impact report, for
8 each designated electric transmission line.

9 (6) Conduct, in coordination with the Energy Commission, all
10 applicable public and community involvement processes.

11 (7) Apply for permits, licenses, or other local, state, or federal
12 approvals, including, but not limited to, compliance with the
13 applicable procedures of the Energy Commission.

14 (8) (A) Utilize the bond authority provided in this division,
15 under terms and conditions approved by the authority, to acquire,
16 construct, enlarge, remodel, renovate, alter, improve, furnish,
17 equip, own, maintain, manage, repair, operate, lease as lessee or
18 lessor, or regulate electric transmission lines.

19 (B) The rates, rents, fees, and charges associated with the
20 investment in electric transmission lines shall be established and
21 adjusted to ensure compliance with subdivision (c) of Section
22 991.7.

23 (9) Request proposals from qualified participating parties to
24 purchase, lease, or otherwise acquire sites for the purpose of
25 developing electric transmission facilities that will provide the
26 lowest cost power to consumers over the life of the facilities,
27 consistent with Section 992.

28 (b) When considering whether to designate a site for an electric
29 transmission line and facilities appurtenant thereto or transmission
30 corridor zones pursuant to this section, the authority shall confer
31 with cities and counties, federal agencies, and California Native
32 American tribes to identify appropriate areas within their
33 jurisdictions that may be suitable for designation. The authority
34 shall, to the extent feasible, coordinate efforts to identify long-term
35 transmission needs of the state with the land use plans of cities,
36 counties, federal agencies, and California Native American tribes.
37 The authority shall not propose any facility within the jurisdiction
38 of a California Native American tribe without the approval of the
39 California Native American tribe.

1 994. ~~(a) By January 1, 2011, and annually thereafter, the~~
2 ~~authority shall, in consultation with the Energy Commission and~~
3 ~~the Independent System Operator, develop a Renewables~~
4 ~~Investment Plan and submit that plan to the Governor and the Joint~~
5 ~~Legislative Budget Committee and the chairs of the policy~~
6 ~~committees with jurisdiction over energy policy in the State of~~
7 ~~California.~~

8 ~~(b) The Renewables Investment Plan shall take into account~~
9 ~~California's anticipated needs, over the next decade, for electricity~~
10 ~~generated by eligible renewable energy resources and the need for~~
11 ~~transmission to deliver the electricity generated to retail customers.~~
12 ~~The plan shall address issues regarding adequacy of supply,~~
13 ~~storage, reliability of service, grid congestion, and environmental~~
14 ~~quality. In developing the investment plan, the authority shall~~
15 ~~compare the costs of various energy resources, including a~~
16 ~~comparison of the costs and benefits of demand reduction strategies~~
17 ~~with the costs and benefits of additional generation supply. The~~
18 ~~plan shall acknowledge the potential volatility of fossil fuel prices~~
19 ~~and the value of resources that avoid that price risk.~~

20 ~~(c) The plan shall outline a strategy for cost-effective~~
21 ~~investments, using the financing powers provided to the authority~~
22 ~~by this article. The plan may recommend changes to the specific~~
23 ~~expenditure authority granted in this article in order to carry out~~
24 ~~the investment strategy contained in the plan.~~

25 ~~(d) The plan shall be developed with input from interested~~
26 ~~parties at scheduled public hearings of the authority. The authority~~
27 ~~shall adopt the plan by majority vote of the board at a public~~
28 ~~meeting. The authority shall update the plan on a regular basis as~~
29 ~~determined by the authority.~~

30 ~~(e) All investments made by the authority under this article shall~~
31 ~~be consistent with the strategy outlined in the Renewables~~
32 ~~Investment Plan. Nothing in this section shall preclude the authority~~
33 ~~from exercising its powers prior to the adoption of the initial~~
34 ~~Renewables Investment Plan.~~

35 ~~(f) The authority shall be the agency responsible for ensuring~~
36 ~~that the investment strategy outlined in the Renewables Investment~~
37 ~~Plan is implemented. To that end, the authority may, on its own~~
38 ~~or through a partnership with a participating party, make those~~
39 ~~investments necessary to ensure that the plan is implemented.~~

1 994.5. ~~Nothing in this article shall be construed to obviate the~~
2 ~~need to review the roles, functions, and duties of other state energy~~
3 ~~oversight agencies and, where appropriate, change or consolidate~~
4 ~~those roles, functions, and duties. To achieve that efficiency, the~~
5 ~~Governor may propose to the Legislature a Governmental~~
6 ~~Reorganization Plan, pursuant to Section 8523 of the Government~~
7 ~~Code and Section 6 of Article V of the Constitution.~~

8 995. ~~(a) There is hereby created in the State Treasury the~~
9 ~~Renewables Infrastructure Authority Fund for expenditure by the~~
10 ~~authority for the purpose of implementing the objectives and~~
11 ~~provisions of this article. For the purposes of subdivision (e), or~~
12 ~~as necessary or convenient to the accomplishment of any other~~
13 ~~purpose of the authority, the authority may establish within the~~
14 ~~fund additional and separate accounts and subaccounts.~~

15 ~~(b) Except as provided in subdivision (a) of Section 991.2, all~~
16 ~~moneys in the fund that are not General Fund moneys are~~
17 ~~continuously appropriated to the authority and may be used for~~
18 ~~any reasonable costs that may be incurred by the authority in the~~
19 ~~exercise of its powers under this article.~~

20 ~~(c) The fund, on behalf of the authority, may borrow or receive~~
21 ~~moneys from the authority, or from any federal, state, or local~~
22 ~~agency or private entity, to create reserves in the fund as provided~~
23 ~~in this article and as authorized by the board.~~

24 ~~(d) The authority may pledge any or all of the moneys in the~~
25 ~~fund (including in any account or subaccount) as security for~~
26 ~~payment of the principal of, and interest on, any particular issuance~~
27 ~~of bonds issued pursuant to this article.~~

28 ~~(e) The authority, may, from time to time, direct the Treasurer~~
29 ~~to invest moneys in the fund that are not required for the authority's~~
30 ~~current needs, including proceeds from the sale of any bonds, in~~
31 ~~any securities permitted by law as the authority shall designate.~~
32 ~~The authority also may direct the Treasurer to deposit moneys in~~
33 ~~interest-bearing accounts in state or national banks or other~~
34 ~~financial institutions having principal offices in this state. The~~
35 ~~authority may alternatively require the transfer of moneys in the~~
36 ~~fund to the Surplus Money Investment Fund for investment~~
37 ~~pursuant to Article 4 (commencing with Section 16470) of Chapter~~
38 ~~3 of Part 2 of Division 4 of the Government Code. All interest or~~
39 ~~other increment resulting from an investment or deposit shall be~~
40 ~~deposited in the fund, notwithstanding Section 16305.7 of the~~

1 Government Code. Moneys in the fund shall not be subject to
2 transfer to any other fund pursuant to any provision of Part 2
3 (commencing with Section 16300) of Division 4 of the Government
4 Code, excepting the Surplus Money Investment Fund.

5 996. For the purposes provided in this division, the authority
6 is authorized to incur indebtedness and to issue securities of any
7 kind or class, at public or private sale by the Treasurer, and to
8 renew the same, provided that all such indebtedness, howsoever
9 evidenced, shall be payable solely from revenues. The authority
10 may issue bonds for the purposes of this division in an amount not
11 to exceed six billion, four hundred million dollars
12 (\$6,400,000,000), exclusive of any refundings.

13 996.1. In addition to the powers otherwise provided in this
14 article, the authority may, in connection with the issuance of bonds,
15 do all of the following:

16 (a) Issue, from time to time, bonds payable from and secured
17 by a pledge of all or any part of the revenues in order to finance
18 the activities authorized by this article, including, without
19 limitation, an enterprise or multiple enterprises, a single project
20 for a single participating party, a series of projects for a single
21 participating party, a single project for several participating parties,
22 or several projects for several participating parties, and to sell those
23 bonds at public or private sale by the Treasurer, in the form and
24 on those terms and conditions as the Treasurer, as agent for sale,
25 shall approve.

26 (b) Pledge all or any part of the revenues to secure bonds and
27 any repayment or reimbursement obligations of the authority to
28 any provider of insurance or a guarantee of liquidity or credit
29 facility entered into to provide for the payment or debt service on
30 any bond.

31 (c) Employ and compensate bond counsel, financial consultants,
32 underwriters, and other advisers determined necessary and
33 appointed by the Treasurer in connection with the issuance and
34 sale of any bond.

35 (d) Issue bonds to refund or purchase or otherwise acquire bonds
36 on terms and conditions as the Treasurer, as agent for sale, shall
37 approve.

38 (e) Perform all acts that relate to the function and purpose of
39 the authority under this article, whether or not specifically
40 designated.

1 ~~996.2. Bonds issued under this article shall not be deemed to~~
2 ~~constitute a debt or liability of the state or of any political~~
3 ~~subdivision thereof, other than the authority, or a pledge of the~~
4 ~~faith and credit of the state or of any political subdivision, other~~
5 ~~than the authority, but shall be payable solely from the funds herein~~
6 ~~provided therefor. All bonds issued under this division shall contain~~
7 ~~on the face thereof a statement to the following effect: “Neither~~
8 ~~the faith and credit nor the taxing power of the State of California~~
9 ~~or any local agency is pledged to the payment of the principal of~~
10 ~~or interest on this bond.” The issuance of bonds under this article~~
11 ~~shall not directly or indirectly or contingently obligate the state or~~
12 ~~any political subdivision thereof to levy or to pledge any form of~~
13 ~~taxation whatever therefor or to make any appropriation for their~~
14 ~~payment. Nothing in this section shall prevent nor be construed to~~
15 ~~prevent the authority from pledging its full faith and credit to the~~
16 ~~payment of bonds or issue of bonds authorized pursuant to this~~
17 ~~article.~~

18 ~~996.5. The authority is authorized to obtain loans from the~~
19 ~~Pooled Money Investment Account pursuant to Sections 16312~~
20 ~~and 16313 of the Government Code. These loans shall be subject~~
21 ~~to the terms negotiated with the Pooled Money Investment Board,~~
22 ~~including, but not limited to, a pledge of authority bond proceeds~~
23 ~~or revenues.~~

24 ~~997. The authority may not finance or approve any new~~
25 ~~program, enterprise, or project on or after December 31, 2020,~~
26 ~~unless authority to approve such an activity is granted by statute~~
27 ~~enacted on or before January 1, 2021.~~

28 ~~SEC. 23. Section 1002 of the Public Utilities Code is amended~~
29 ~~to read:~~

30 ~~1002. (a) The commission, as a basis for granting any~~
31 ~~certificate pursuant to Section 1001 shall give consideration to the~~
32 ~~following factors:~~

- 33 ~~(1) Community values.~~
- 34 ~~(2) Recreational and park areas.~~
- 35 ~~(3) Historical and aesthetic values.~~
- 36 ~~(4) Influence on environment, except that in the case of any~~
37 ~~line, plant, or system or extension thereof located in another state~~
38 ~~which that will be subject to environmental impact review pursuant~~
39 ~~to the National Environmental Policy Act of 1969 (Chapter 55~~
40 ~~(commencing with Section 4321) of Title 42 of the United States~~

1 Code) or similar state laws in the other state, the commission shall
2 not consider influence on the environment unless any emissions
3 or discharges therefrom would have a significant influence on the
4 environment of this state.

5 (b) With respect to any thermal powerplant, *eligible renewable*
6 *energy resource with a generating capacity of five megawatts or*
7 *more*, or electrical transmission line for which a certificate is
8 required pursuant to the provisions of Division 15 (commencing
9 with Section 25000) of the Public Resources Code, no certificate
10 of public convenience and necessity shall be granted pursuant to
11 Section 1001 without ~~such~~ *that* other certificate having been
12 obtained first, and the decision granting ~~such~~ *that* other certificate
13 shall be conclusive as to all matters determined thereby and shall
14 take the place of the requirement for consideration by the
15 commission of the four factors specified in subdivision (a) of this
16 section.

17 (c) *The commission, with the concurrence of the Division of*
18 *Ratepayer Advocates may, accept as a rebuttable presumption, a*
19 *determination of the Independent System Operator, made as part*
20 *of its transmission planning process, that a transmission project*
21 *is needed to connect to renewable generation.*

22 *SEC. 24. Section 1004.5 is added to the Public Utilities Code,*
23 *to read:*

24 *1004.5. For any application for a certificate to construct or*
25 *modify an electrical transmission line, a substantial purpose of*
26 *which is to access electricity generated by eligible renewable*
27 *energy resources, the commission shall establish a schedule for*
28 *review of the application and employ staffing and other resources*
29 *sufficient to produce a decision on whether to issue the certificate,*
30 *or refuse to issue it, within 12 months of receiving the completed*
31 *application.*

32 ~~SEC. 11:~~

33 *SEC. 25. No reimbursement is required by this act pursuant to*
34 *Section 6 of Article XIII B of the California Constitution because*
35 *certain costs that may be incurred by a local agency or school*
36 *district will be incurred because this act creates a new crime or*
37 *infraction, eliminates a crime or infraction, or changes the penalty*
38 *for a crime or infraction, within the meaning of Section 17556 of*
39 *the Government Code, or changes the definition of a crime within*

1 the meaning of Section 6 of Article XIII B of the California
2 Constitution.

3 With respect to certain other costs, no reimbursement is required
4 by this act pursuant to Section 6 of Article XIII B of the California
5 Constitution because a local agency or school district has the
6 authority to levy service charges, fees, or assessments sufficient
7 to pay for the program or level of service mandated by this act,
8 within the meaning of Section 17556 of the Government Code.

O